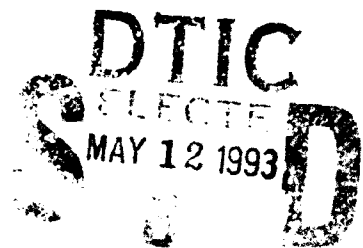


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THESIS

RUSSIAN-JAPANESE ACCOMODATION: A THREAT TO
AMERICA'S STRATEGIC POSITION IN THE PACIFIC?

BY

JEFFERY L. LaCAZE

JUNE 1992

Thesis Advisor: DAVID WINTERFORD

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America's Strategic Position in
the Pacific Rim?

by

Jeffery L. LaCaze
Lieutenant, United States Navy
B.A., Northeast Lousisiana University, 1982

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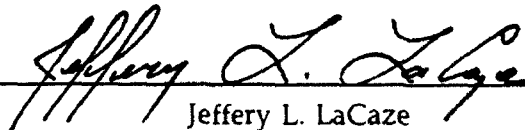
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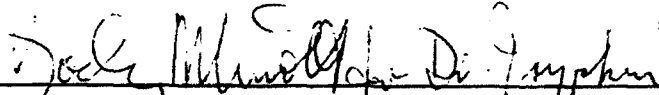
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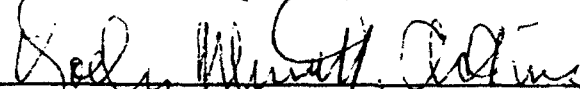
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ABSTRACT

The end of the Cold War presents the United States with new opportunities and challenges. During the Cold War, the U.S.-Japanese relationship was the linchpin of security in the Pacific. With the collapse of the Soviet Union, it seems logical to analyze pre-Bolshevik foreign policy to ascertain the likely direction of Russian policy in the Pacific. Russia and Japan have had economic relations throughout their history; one of the primary obstacles to normalized relations has been the Kurile Islands. Since Yeltsin has indicated his willingness to negotiate on the issue of the islands, the possibility exists for closer Russo-Japanese relations.

The reliance on military power has been overtaken by the need to ensure a country's economic health. Japan, an ally during the Cold War, can now be viewed as an economic competitor. Russia, an adversary during the Cold War, could become an economic ally. Continued U.S. influence in the Pacific requires a re-assessment of traditional relationships. Alliances unheard of during the Cold War are now possible. Closer ties between Russia and Japan could present new challenges to the United States in the Pacific. In order to prevent a loss of influence in the Pacific, new policy choices with regard to Russia and Japan need to be examined.

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I. INTRODUCTION

A. POLICY CONTEXT

Prior to the August 1991 coup, attempts at normalized relations toward Japan by the Soviet Union were made by Gorbachev as part of an emerging Asian strategy. The Kurile Islands, or Northern Territories, question was still central in the Japanese response. Additionally, Boris Yeltsin, while still president of the Russian republic asserted that the Kurile Islands were a Russian, not Soviet, possession; therefore, it was not within Gorbachev's purview to make any agreements with the Japanese concerning the islands. Since the coup and the subsequent breakup of the central government structures in the Soviet Union, Yeltsin, like Gorbachev, has made overtures to the Japanese government that he is willing to deal on the Kurile Islands in exchange for economic and other assistance from Japan. Regardless of the final makeup of the former Soviet Union, evidence tends to support the view that either the Russian government of Boris Yeltsin or a separate Russian Far East government will ultimately decide the question of ownership of the Kuriles, in negotiations with the Japanese.

Russia has a desire to be part of the "Pacific Century," and Yeltsin is attempting to develop the Siberian regions of

Russia in an attempt to make his country a part of the dynamic Pacific region. The most useful partner in this attempt is Japan. Since the former Soviet Union continues to fracture, it becomes necessary to use a different approach to assess what direction Russian policy toward Japan will take. It seems a logical starting point in this endeavor appears to be an analysis of pre-Bolshevik policy in the Pacific, especially with Japan. A correlation can be made between this historical relationship and the current development of relations. This thesis will attempt to show that closer ties between Russia and Japan could put pressure on the United States to adjust its current policies toward both Japan and Russia. These changes in policy would also have a direct impact on United States relations with China, South Korea, Taiwan and other countries in the Pacific Rim area. Additionally, these changes would have a decided impact on American military deployments in the area and the implementation and execution of U.S. foreign policy in the region.

It is necessary that the United States recognize that the collapse of the Soviet Union has shifted the emphasis in the formulation and implementation of foreign policy from military power to economic power. Questions that need to be analyzed from this new vantage point are:

- With the end of the Cold War should the United States continue to view its relationship with Japan from a military security viewpoint or should it view Japan

primarily as an economic competitor in the world economy that can provide for its own military security?

- If Japan was to take on more of its own defense burden and the costs associated with this defense, what steps, if any, should be taken to ensure the security of other nations in the area that would fear this new Japanese militarism?
- If closer economic relations between Russia and Japan develop, would this relationship pose a threat to U.S. strategic and economic interests in the Pacific Rim area?
- What steps could the United States take to ensure its continuing influence in the Pacific Rim area in light of the changes in the world political and security arenas?
- What new security policy(ies) should the United States implement that would best advance U.S. interests in the Pacific Rim while ensuring both the economic and strategic security of the Pacific Rim and the United States?
- Is the United States capable of acting and thinking strategically in the Pacific Rim if its only credible power in the area becomes military and not economic?
- Is it possible that "Balance of Power" politics will reemerge as was practiced before World War II? If so, what new alliances would best further U.S. interests in the area?

The dissolution of the Soviet Union requires a new focus by area specialists that takes into account the new power of the republics now that central government controls are either weak or non-existent. As a result of the end of the Cold War, Russia is now attempting to forge new alliances with both Europe and the "Pacific Dragons." Japan, the preeminent dragon, is the key to Russian success in the Pacific Rim area. Its traditional role, during the Cold War, as an American ally should not be taken for granted by U.S. policymakers.

As the world approaches the twenty-first century, it is obvious the United States is faced with the need to adapt to the abrupt changes of the past seven years. No longer will security policy be dominated by the old United States-Soviet confrontation. New alliances, unheard of during the Cold War, could emerge. How well the United States anticipates and counterbalances these new changes will dictate the influence it will have in the future.

B. THE PIVOTAL ROLE OF THE RUSSIAN REPUBLIC

Before the revolution of 1917, Russia was, potentially, the most powerful country in Europe. Its size, resource wealth, and population were the key parts of this potential. After over seventy years of communist rule, the country still possesses that potential. The mineral wealth of Russia remains substantial. While some attempt will be made to analyze a "Commonwealth," most of the analysis will center on the Russian Republic because of its size and the likelihood that it may be all that will remain of the old Union if current strains in the Commonwealth continue to their seemingly inevitable end. Additionally, it is the largest republic and spans the area from Europe to the Pacific Rim. Coupled with this is the need to address the Russian requirement to develop and exploit the economic riches in the Siberian-East Asian area of Russia.

It is also necessary to address the different benefactors that may assist Russia in its economic development. The United States, Japan, and Western Europe are all interested in assisting either the new "union" or the separate Republics financially, yet there are varying degrees of concessions and conditions tied to each country's assistance. Japan, due to its economic power and proximity to the area the Russians seem most anxious to develop, seems to be the frontrunner. While the historic ties that Russia has to Europe cannot be overlooked, the Japanese have the luxury of not being burdened with trying to integrate the emerging countries of Eastern Europe into a continental system and are better suited to give assistance to Russia, especially the Siberian-East Asian regions.

Gorbachev's calls for economic assistance are well-known; however, his removal from power and new career as a newspaper columnist changed the debate. The economic plans of Boris Yeltsin, especially his drive to institute a free market in Russia, require foreign assistance, if he is to succeed. While the International Monetary Fund (IMF) has representatives in Russia advising the Yeltsin government, a comprehensive plan has yet to be instituted.

The United States and Europe have given assistance only in piecemeal fashion. While the food aid appears to have gotten the Commonwealth of Independent States (CIS) through the winter, the domestic problems for Yeltsin have multiplied.

Problems with the Ukraine and other members who wish to redefine their roles and responsibilities in the commonwealth have kept Yeltsin from concentrating on improving the lot of all citizens. The worsening economic climate has given those elements calling for a return to Leninism or some other "ism" the opportunity to rally in the streets and possibly gain some converts from those who were enthusiastically in favor of democracy in the euphoria following the failed coup.

The integration of Russia, and the other republics, into the world political and economic communities and the position it assumes in any "new world order" will have a far-reaching impact. It is hoped that by analyzing the past some roadmap of the future can be discerned. Knowing the probable path our former adversary may follow will help the United States formulate a policy that will be mutually beneficial. As should be evident, the course Russia follows will have an impact on U.S. relations with allies and could have implications for its future influence in the world.

An examination of Russo-Japanese relations and Russian foreign policy before the takeover of the communists in 1917, as well as Russian influence in the Pacific will comprise Chapter II. It will conclude with detailing the seizure of the Kurile Islands at the end of World War II.

Relations between Russia and Japan, since World War II, have revolved around the issue of the Kurile Islands. Any and all attempts by the former Soviet Union to achieve some

normalcy of relations were rebuffed by the Japanese because of this unresolved issue. Chapter III will look at Russo-Japanese relations during the Cold War and show how the Kurile Islands question kept the Japanese from fully exploiting the economic resources of the Russian East Asian area.

Chapter IV will examine the changes in Soviet policy that were articulated by Mikhail Gorbachev with regard to Soviet interests in the Pacific. The post-Vladivostok period will show that the Japanese continued to use the Kurile Islands as a battering ram to blunt any initiatives by the Soviets to achieve closer economic relations with Japan.

In the post-coup period, Yeltsin has been preoccupied with trying to implement his economic reform package and, as a consequence, has paid scant attention to relations with the Japanese. Chapter V will look at the mineral resources of the Russian Far East and the flexibility that access to this market could give the Japanese. Additionally, there have been indications that, just as the former republics declared their independence, the Russian Far East may also declare itself to be independent of the Russian Republic. What, if any effect, this action might have on both the Kurile Islands question and Japanese investment in the area will be examined, as well as the implications for Russia, Japan, the United States, and the Pacific Rim area.

Policy adjustments by the United States can and should be made to take into account the changes that have occurred in

the area since the end of the Cold War; nor can one ignore the fact that wrong policy choices could have tremendous impact on continued U.S. influence in the region. Some of the policy choices available to the United States will be discussed in Chapter VI.

II. PRE-BOLSHEVIK RUSSIAN FOREIGN POLICY

A. JAPAN

Commodore Perry's opening of Japan in 1853 effectively ended the Japanese isolation that had characterized her prior history. Two years after this opening, Russia and Japan concluded the first treaty ever between the two countries with the signing of the Russo-Japanese Treaty of February 1855 (also called the Treaty of Shimoda).¹ Although the treaty was signed, it also signaled the start of decades of confrontation between the Japanese and the Russians which culminated in the Russo-Japanese War of 1904-5, which will be discussed later. From China to the Korean peninsula, Russian and Japanese interests continually clashed as each tried to press an advantage to its own profit. Complicating matters for Russia was its conflicting desire to be a Pacific power and the intruding reality that it could not afford to maintain a Pacific empire structure because of European needs. This economic reality led to the sale of Alaska to the United States in 1867 for \$7.2 million.²

¹ Gerald Segal, *The Soviet Union and the Pacific*, (Boston: Unwin Hyman, 1990), p. 21.

² There are many good studies of the problems Russia had in maintaining its empire aspirations in the Pacific. Hugh Seton-Watson in his book, *The Russian Empire*, details the difficulties the Czar had in furthering his Pacific

It was also during this period that the groundwork was laid for the major point of contention between Russia and Japan that dominates their relations today, the Northern Territories problem. Russia's involvement in the Pacific can be traced to the reign of Peter the Great with the establishment of colonies in Kamchatka. In 1700, a Japanese clerk was captured and returned to Moscow where he met with the Czar. Peter was so impressed that he issued orders for further exploration in the Pacific.³

The first appearance of Russians on the Kurile Islands is open to debate. Seton-Watson places the event in the 1770s when a Siberian merchant named Shelikhov sent expeditions to the islands and also to the mainland of Alaska.⁴ Fred H. Van Peer makes mention of Russians exploring the norther Kuriles in the 1750s while the Japanese were exploring the southern portion of the island chain.⁵ Whatever the time period, it is obvious the dispute between the two countries is based on

aspirations (pp. 579-590). Additionally, John Lewis Gaddis' book, *Russia, the Soviet Union, and the United States: An Interpretive History*, points out that the U.S. paid \$2.7 million more than the price the Russians were willing to settle for on the Alaskan sale. This appears to be proof of the burdens of the Pacific "empire," and the desire to get rid of it at "fire sale" prices (p.24).

³ Hugh Seton-Watson, *The Russian Empire, 1801-1917*, (Oxford: Clarendon Press, 1967), pp. 55-6.

⁴ Seton-Watson, p. 56.

⁵ Fred H. Van Peer, *The Northern Territories Problem: A Key Factor in Soviet-Japanese Relations?* (Defense Study, Army Command and General Staff College, 1982), p. 4.

over 200 years of history and that each side feels it can trace a legitimate claim to the territories.

As mentioned earlier, the Treaty of Shimoda was the first treaty signed between Japan and Russia; it also serves as the basis of Japanese claims to the Kurile Islands today. A later treaty, the Treaty of St. Petersburg, signed in 1875, ceded all Russian claims to the central and northern Kuriles to the Japanese in return for ceding all Japanese claims to Sakhalin Island.⁶

Both countries were exploiting the resources of the chain: while the Russians were trapping and pushing south in an attempt to find a trade route to a still closed Japan, the Japanese were actively trading with the natives of Kunashiri and Etorofu. Ultimately, this led to armed conflict with the Russians in 1807 because of the lack of formal borders. The importance of this dispute to the present will be addressed later; for the moment, it is instructive to analyze Russia's relations in the Pacific from a perspective of its attempt to "cut its losses" while still maintaining an important balancing role in the area.

Russian policy in the Pacific area was characterized by the signing of secret treaties and the entering into of

⁶ Van Peer, p. 22. Andrew Mack and Martin O'Hare also make mention of this treaty in "Moscow-Tokyo and the Northern Territories Dispute," *Asian Survey*, 30, no. 4, (April 1990), p. 380.

⁷ Segal, p. 22.

alliances that would counteract the growing Japanese hegemony in the Pacific. Indicative of this policy was its signing of a treaty in 1896 with China after the Chinese were defeated by the Japanese. This was a treaty of convenience which was strongly supported by S.Y. Witte, Finance Minister to Nicholas II, who saw this alliance as necessary to counter Japanese gains after the defeat of the Chinese in Korea. Witte wanted to allow Russia to gain time while the Trans-Siberian Railway was completed; his feeling was that upon its completion Russia would be better able to make its influence felt in the Russian Far East and Pacific area.⁸ Illustrative of the Russian regard for treaties, however, comes from the fact that four years later Russia took the lead in punishing China for the Boxer Rebellion of 1900.⁹

The intervening years between the signing of the treaty of alliance between China and Russia gives great insight into pre-Bolshevik Russian foreign policy practices. It was only with the assistance of Germany and France that Russia was able to blunt some of the harsh terms that Japan was prepared to force on China. Instead of receiving all the territory it originally wanted to receive from China, Japan was forced to

⁸ Seton-Watson, pp. 581-583.

⁹ Segal, p. 22. As Segal points out, "(e)ven though Russia perceived China as an ally against Japan, it nevertheless placed its own interests first, even at the expense of the Chinese.

content itself with Formosa, the Pescadores and an indemnity payment.¹⁰

While relying on the French and Germans to assist in keeping Japan under control, the Russians were also involved in expanding their influence at the expense of its supposed allies. Ultimately, in 1898, Russia was able to have ceded to it by the Chinese those territories that Japan had demanded as its spoils of war. Russia received the Liaotung Peninsula and Port Arthur for twenty-five years, as well as a concession of land to build a railroad in South Manchuria.¹¹ This policy of entering into alliances of convenience and expediency was also characteristic of Russia's foreign policy in Europe.

B. RUSSIAN FOREIGN POLICY IN EUROPE

While it may seem unusual or unnecessary to look at pre-Bolshevik Russian policy in Europe, it is relevant to the events of today. Now, as then, Russia is attempting to approach the West and be an important entity on the world stage. Then, as now, Russia is seen as a weak and backward country that possesses great potential and substantial military force but internal struggles hampered the formulation of a coherent foreign policy.

¹⁰ Seton-Watson, pp. 582-3.

¹¹ Ibid, pp. 584-5.

Russian foreign policy in Europe seems to have evolved from one of playing the role of "moderation in international affairs"¹² to a mirror image of its role in the Pacific—entering into secret alliances in an attempt to press an advantage or blunt an adversary's position of superiority. Seton-Watson points to the conflict between "Westernizers" and "Slavophiles" in Russia during the 1840's. This conflict centered on the interpretation each side had of Peter the Great's attempts to modernize Russia. The "Westernizers" saw Peter as a visionary, while the "Slavophiles" saw Peter as a great ruler who led Russia down the wrong path.¹³ Essentially, the dispute centered on the question of whether Russian policy would be one of Russian Nationalism, or if foreign policy initiatives would be based on the concept of Pan-slavism.¹⁴ The pursuit of a Western policy allowed Nicholas to carve out the perception of Russia as a great land power and mediator on the continent.¹⁵ A debate of a similar type can be seen going on in Russia today, as Yeltsin attempts to hold a loose commonwealth together and formulate the path that Russia should take to enter the world political arena. Yeltsin's struggle to implement reforms against the

¹² Nicholas Riasanovsky, *A History of Russia*, 4th ed. (New York: Oxford University Press, 1984), p. 331.

¹³ Seton-Watson, p. 266.

¹⁴ Ibid, pp. 267-8.

¹⁵ Ibid, p. 280.

obstructionist moves of former party apparatchiks resembles the old struggle between "Westernizers" and "Slavophiles."

The importance of Russia's role in the emergence of Germany as a European power is open to some debate;¹⁶ however, it is undeniable that the government's favoring of Prussia during the Franco-Prussian War of 1870 gave Bismarck the luxury of knowing that not only "...his eastern frontier was secure but also because Austria was held back from helping France by the fear that if she did Russia might attack her."¹⁷

This Russian alliance with Prussia was set in place to achieve the rollback of the Black Sea clauses which was accomplished. Characteristically, the solidity of the Russo-Prussian alliance was shown to be ephemeral in 1875 when Russia joined in a protest with Britain against the hint of German intentions to attack the French.¹⁸ This protest did not keep the Germans from concluding a secret Reinsurance Treaty with the Russians in 1887 when the Alliance of the

¹⁶ Seton-Watson, pp. 437-8.

¹⁷ Seton-Watson, p. 437.

¹⁸ Ibid, p. 438. As a result of the Crimean War, Russia was precluded from having any armaments located in or on the Black Sea. As a result of the Franco-Prussian War of 1870, Russia and Turkey were allowed to have fleets in the Black Sea again.

Three Emperors expired, which remained in force until 1890 when Bismarck was forced to resign.¹⁹

The period of Alexander III's and Nicholas II's rule was marked by this pattern of "alliances of the moment" which were entered into with no intention of continuing them when the intended goal had been reached. Part of this pattern can be explained by the evolving relationships that were taking place on the continent; part can be explained as being a reflection of the policies pursued by other European powers at the same time; however, the underlying reality seems to have been economic, especially the alliance with the French in the late nineteenth century.²⁰ Much like today, Russia during this period was in need of financial support from foreign partners. During this period, only the French were in a position to provide the Russians with the money necessary; the cost was an

¹⁹ Riasanovsky, p. 399. The Alliance of the Three Emperors was between Germany, Austria-Hungary, and Russia. It was a treaty that called for friendly neutrality between the three if one of the members entered a war with a fourth party, other than Turkey. During 1886-7, Germany was embroiled in political crises with numerous countries. Bismarck was able to negotiate with Russia the Reinsurance Treaty, which made known to Russia German desires for friendly relations. However, the ultimate goal of Bismarck was to restore the Alliance of the Three Emperors, a goal he was unable to achieve.

²⁰ Riasanovsky, pp. 399-401.

alliance that was to remain in force as long as the Triple Alliance remained in effect.²¹

Russia's relations with Great Britain were characterized by tensions in East and Central Asia, especially along the Indian and Afghan borders. While a war never materialized, there were armed encounters between Russian- and English-supported troops in Afghanistan in 1885.²² Additionally, by virtue of the signing of a treaty with Great Britain in 1907, the final link in the Triple Entente was put in place that would fight the Triple alliance in World War I. For several reasons, the alliance of Russia with the French and British was extremely popular with a broad cross-section of Russian society: tariff problems had arisen in Russia's relations with Germany; and, there was a general desire to de-emphasize "historic" Russo-German ties.²³

Russian foreign policy initiatives with the United States were limited during this period to Alaska, and on the

²¹ Riasanovsky, Seton-Watson and Gaddis give good accounts of this economic alliance with France. Riasanovsky points out that the French were able to push the "hesitant" Russians into a closer alliance than they might have wished for by using the economic need of the Russians. He further points out that while this alliance was economic, politics still was the prime motivator.

²² Both Riasanovsky and Seton-Watson give good accounts of Anglo-Russian relations and the attempts to avoid armed conflict in Asia. Also, Segal gives a good analysis of Britain's interests in the Russo-Japanese War, a conflict to be discussed later.

²³ Riasanovsky, pp. 416-17.

periphery, to emerging Russian and U.S. interests in the Pacific. Gaddis points to early conflicts between the U.S. and Russia over Russian attempts to establish a presence in Alaska that the U.S. objected. Subsequently, the United States invoked the Monroe Doctrine. Gaddis also points out that while the Russians were on the receiving end of the first practical application of the Doctrine, the true focus of the Doctrine was the British and the French.²⁴ With the purchase of Alaska by the United States in 1867, foreign policy confrontations between Russia and the U.S. were essentially non-existent.

C. THE RUSSO-JAPANESE WAR

Having briefly discussed the direction and style of pre-Bolshevik Russian foreign policy as a whole, it is logical to examine this policy in action and the resulting conflict with the Japanese in 1904-5. Besides being an example of bungled policy, the Russo-Japanese War is the next step in the conflict over the Kurile Islands.²⁵

Russian actions in the Pacific continued to be at odds with Japanese aims; the maneuvering by both countries for an advantage laid the groundwork for armed conflict. The

²⁴ Gaddis, pp. 8-9 and 11.

²⁵ An excellent study of Russian Far Eastern policy with a special emphasis on the causes of the Russo-Japanese War is Andrew Malozemoff's *Russian Far Eastern Policy, 1881-1904*, (Berkeley, University of California Press, 1958).

British, obviously alarmed over Russian inroads in China, had attempted to negotiate a settlement that would satisfy the aims of both countries. The Russian government, however, was plagued with indecision and an inability to implement a stable foreign policy; this aimlessness helped push the British into signing the Anglo-Japanese Alliance in January 1902. In addition to being a mutual defense pact, the treaty also recognized Japanese interests in Korea, a country that Russia and Japan were also at odds over.²⁶

The roots of the Russo-Japanese War of 1904-5 has its roots in Korea. A faction in the Czarist court saw Korea, especially the Yalu valley in Northern Korea, as an excellent supplier of timber for Russia. Nicholas II was enticed into allowing this faction to proceed with its plans, probably because he was made a partner in the development company, as well as his weak control over his own court.²⁷ Because of this weak control and the loss of Witte's counsel as Finance Minister (Witte was forced out when he was unable to persuade the Czar to resist the lure of the timber development company), Nicholas allowed Russia to be put into a position where she was isolated in her disagreement with Japan. In addition to the British, Japan was supported by the United

²⁶ Seton-Watson, pp. 586-7. Nicholas Riasanovsky in his book, *A History of Russia*, characterizes Russian policy in the Far East as "...hardly defended in terms of either justice or wisdom.... (p.402).

²⁷ Seton-Watson, pp. 587-8. and Riasanovsky, pp. 401-3.

States in her position on the Korean peninsula. While U.S. involvement extended only to the commercial realm, it is ironic that a trade agreement was signed between the United States and Japan on the day that Russian forces were supposed to be evacuated from Manchuria- an action that Russia failed to accomplish.²⁸

France attempted to mediate some solution to the situation; however, those actions came too late for the Japanese had already decided that war with Russia was the only solution. Three days after breaking off diplomatic relations on 5 February 1904, the Japanese launched a surprise attack on Port Arthur which they were to copy again almost thirty-seven years later at Pearl Harbor. Japan was able to achieve quick mastery of the seas by blockading Port Arthur through the use of mines; this effectively kept the Russian navy bottled up, unable to do more than practice feints and jabs against the Japanese.²⁹

The length of the war was dictated by the inability of either side to gain a decisive advantage on land and the added factor of "General Winter," which forced both sides to winter over without any movement. This set up the biggest battle of the war, the Battle of Mukden, which lasted from 18 February to 10 March 1905. While this battle inflicted huge casualties

²⁸ Seton-Watson, pp. 589-90.

²⁹ Seton-Watson, pp. 590-7. and Riasanovsky, p. 402-3.

on both sides, it also proved to both sides that neither would be able to defeat the other. Russia was unable to reinforce her troops and the Japanese realized that their resources were stretched too thinly to achieve superiority. However, Russia declined to negotiate an armistice because the government was both hampered by a festering revolution in Moscow and, more importantly, was hoping the Baltic fleet, which had been sent around Africa, could tip the balance at sea in her favor.³⁰ This proved to be a disastrous decision; the Japanese met and sank almost all of the Baltic fleet. However, even with this decisive victory at sea, the land war still kept either side from claiming victory.

President Theodore Roosevelt offered to mediate a peace agreement; an offer that was accepted this time and resulted in the Treaty of Portsmouth. Witte was brought back by Nicholas to negotiate with the Japanese and he proved to be extremely effective; in fact, he was so effective that he turned American inclinations away from the Japanese to the Russians. Also, while Witte negotiated away Russian interests in China and on the Korean peninsula, he refused to pay an indemnity to Japan or cede Russian territory to the Japanese. Ultimately, he won on the indemnity point and achieved partial success on the ceding of territory. The Japanese wanted Sakhalin Island; unable to get the whole, they settled for a

³⁰ Seton-Watson, pp. 595-6.

halving of the island.³¹ The settlement reached at Portsmouth was to remain in effect until World War II. Japan, at this time, possessed all of the Kurile Islands, Shikotan, the Habomais, and Sakhalin below the 50th parallel."

D. ANALYSIS

Pre-Bolshevik foreign policy was characterized by an expediency of the moment that was not unique to Russia; rather, it seems to be a policy that was practiced by all of the major world powers at the time. Shifting alliances were the order of the period. Russia seems to have played the role of international mediator in many disputes between European powers; she was able to utilize her unique position on the eastern edge of Europe to good advantage. The major weakness seems to have been the court intrigues of the Czar which kept Russia from realizing any longlasting benefits from any alliance.

Russia's desire to be a Pacific power ran into the reality of economic limitations: rather than accept this fact, she tried to practice the same policies that were being utilized on the continent. Unfortunately, geography and the rising hegemonistic desires of Japan were to lead to the Russo-

³¹ Seton-Watson, p. 597.

³² Mack and O'Hare, p. 381.

Japanese War which effectively rebuffed any real Russian influence in the area until the end of World War II.

Also, the defeat of the Russian army and navy by Japan had repercussions for Russia on the continent. Her traditional role as a desirable counterweight in alliances was reduced; her defeat also led her to mix economic needs with political wants, ultimately leading to an alliance with France that was primarily motivated by a need for money. Ironically, this forced alliance would have been in Russia's favor when World War I ended since she was on the winning side; however, the Bolshevik Revolution effectively ended any gain she might have realized from this alliance.

Soviet foreign policy, which will be looked at later in more detail, would ultimately isolate Russia from countries with which she had once played an important role. Rather than being an important counterweight in world affairs, Russia would find herself an outcast from the circle of influential countries; she would be the object of alliances to prevent her from exerting any real influence in the world.

The above should not be construed as ignoring any impact Soviet policies had, especially with regard to Germany prior to World War II, however, the overall importance of Russia declined with the rise of the Bolsheviks to power. This was to remain the case until after World War II and the beginning of the Cold War. The fact remains that those countries Russia

had once had, at a minimum, cordial relations with were now all arrayed against her.

Proceeding from the premise that the collapse of the Soviet Union is a harbinger of a change in Russian foreign policy from one of confrontation to one of accommodation, it is possible to make correlations from pre-Bolshevik policy to policy choices today. An examination of some of these choices will be done in Chapter V. Before turning to the Cold War period in Russian Pacific foreign policy, it is important to put the final piece of the Kurile Islands problem into focus. Therefore, Russian actions during World War II to re-occupy the territories will be examined.

E. THE RUSSIAN SEIZURE OF THE KURILE ISLANDS DURING WORLD WAR II

The key to Russian relations with Japan remains the Kurile Islands³³. Three separate, yet important, events during World War II have tremendous bearing on the Kurile Islands question today: The Cairo Conference of 1943, The Yalta

³³ The use of the word "Russian" is two-fold in purpose. As mentioned in the introduction, with the collapse of the Soviet Union and the uncertainty of what form of central government will emerge, if any, it is necessary to make a distinction between Soviet policy and the policy that will be used in this new era. Because the Russian Republic appears to be taking the lead, under Yeltsin, in defining this new policy era, it seems logical to use the term "Russian." Additionally, the use of the term emphasizes the continuity of pre-Bolshevik policy, which was Russian. Since the area in question is part of the Russian Republic, this also justifies the use of the term.

Conference of 1945, and the San Francisco Peace Treaty of 1951. Either through the action or inaction of the Soviets during each event, another piece of the conflict that continues today between Russia and Japan was put into place.

As mentioned earlier, the Treaty of St. Petersburg legitimized Japanese claims to the Kurile Islands in exchange for the relinquishing of all claims on Sakhalin. At the end of the Russo-Japanese War, the Treaty of Portsmouth, while not dealing with the Kuriles, ceded the southern half of Sakhalin to Japan and also granted the Japanese fishing rights along those areas of Russia that were near Japan.³⁴

In 1943, at the Cairo Conference, the Americans, British and Chinese began the process of detailing the retribution that would be exacted on Japan at the conclusion of the Pacific War. What price the Russians would demand for entry into that war was also discussed; even though Stalin did not attend the Cairo Conference because he did not want to be associated with Chiang Kai-Shek, when presented with the text of the Cairo Communique, Stalin had no comment to make. This is taken as his agreement with the communique. A key part of the communique stated in vague terms what was to come:

(t)he three Great Allies are fighting this war to restrain and punish the aggression of Japan. They covet no gain for themselves and have no thought of territorial expansion. It is their purpose that Japan shall be

³⁴ John M. Maki, *Conflict and Tension in the Far East - Key Documents, 1894-1960*, (Seattle: University of Washington Press, 1961), pp. 18-23.

stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the First World War in 1914, and that all territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China. Japan will also be expelled from all the other territories which she has taken by violence and greed. The aforesaid three powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.³⁵

Even though the Kuriles were not mentioned by name in this document, the Yalta Agreement referred to them. Later, at Potsdam, the commitments the United States made at Yalta were the price Stalin placed on the Soviet entry into the war in the Pacific.³⁶ There can be no doubt as to what Stalin wanted. Rees quotes Averell Harriman from a meeting with Stalin at which Ambassador Harriman was attempting to find out for Roosevelt the conditions for Russia's entry into the Pacific War. Stalin showed Harriman a map and said "...that the Kurile Islands and the lower Sakhalin should be returned to Russia."³⁷

The Yalta Conference was even more direct, in that the three demands of the Russians were spelled out. Clause three is unambiguous; it reads "The Kurile Islands shall be handed over to the Soviet Union."³⁸ Immediately after the Japanese

³⁵ David Rees, *The Soviet Seizure of the Kuriles*, (New York: Praeger Publishers, 1985), p. 52.

³⁶ Charles L. Mee, Jr., *Meeting at Potsdam*, (New York: M. Evans and Company, Inc., 1975), p. 53.

³⁷ Rees, p. 58.

³⁸ Ibid, p. 64.

surrender, Stalin moved to take control of the islands and this possession continues through today.

Because of the beginning of the Cold War in the interim between the end of World War II and the signing of the Treaty of Peace with Japan, John Foster Dulles and Prime Minister Shigeru Yoshida set in motion events that, while including the Japanese relinquishing claims to the islands, would keep any power from laying legal claim to them if it did not sign and ratify the treaty. The Cold War climate ensured that the Senate of the United States would not ratify any treaty that included the Yalta concessions and that the Soviets would not sign any treaty that did not include them. Absent a listed beneficiary, the Senate ratified the treaty and the Soviets refused to sign it. Essentially, this left claim to the islands in limbo. The final step in repudiation of the Yalta concessions came when both Secretary Dulles and Prime Minister Yoshida supported Japanese "historical" claims to the islands.³⁹ Given this impasse, the situation played a decisive role in solidifying the American-Japanese alliance in the Pacific and effectively stopped any attempts at normalization between Russia and Japan during the Cold War. Relations during the Cold War will be discussed in the next chapter.

³⁹ Rees, pp. 94-99.

III. THE COLD WAR PERIOD

A. SOVIET NAVAL FORCES IN THE PACIFIC AND THE USE OF THE KURILES

The signing of the Treaty of Peace with Japan by the United States firmly placed Japan in the U.S. sphere of influence during the Cold War. Recognizing this, the Soviet Union began to consolidate its position on the Kuriles and incorporated them into its strategic plans. Upon the death of Stalin, Khrushchev began the process of changing the Soviet Navy. He appointed Admiral Sergei Gorshkov as Commander-in-Chief of the Soviet Navy. By the mid-sixties, Gorshkov had succeeded in turning the Soviet Navy from an emphasis on capital ships to a more balanced fleet that incorporated submarines, smaller combat ships and defensive ships, such as minesweepers.⁴⁰

If Gorshkov was the father of the modern Soviet Navy, then his successor, Fleet Admiral V.N. Chernavin, has overseen the development of a quality fleet. This fleet evolved into one which rivaled the U.S. fleet. Also, the missions of the Soviet Navy evolved to include the following:

- Operate and protect the Northern and Pacific Ocean Fleet

⁴⁰ Bryan Raft and Geoffrey Till, *The Sea in Soviet Strategy*, (Annapolis: The Naval Institute Press, 1989), pp. 161-163.

strategic nuclear ballistic missile submarine (SSBN) force;

-Protect the seaward approaches of the Soviet Union from air, sea, or amphibious attack- especially from nuclear-capable enemy forces such as SSNs, aircraft carrier battle groups, air- and sea-launched cruise missiles and their launch platforms; and

-Support Soviet ground forces by securing contiguous maritime flanks, by providing naval fire and logistical support, conducting amphibious assaults, and disrupting enemy sea lines of communication.⁴¹

Depending on the source cited, during the Cold War, the Soviet Pacific fleet became the largest fleet or equaled the size of the Northern Fleet.⁴² Regardless of the correct estimate, it is indisputable that the Soviets emphasized the Pacific region when it came to defense. They also used the Kuriles as a part of this overall naval strategy. Since the 1960s, the Soviets have used a base in Burotan Bay at the north end of Simushir as a submarine base and a possible staging area for local attacks. The base is also used as a mine storage area. These

⁴¹ *Soviet Military Power 1990*, (Washington, D.C.: Government Printing Office, 1989), p. 82.

⁴² Derek da Cunha, *Soviet Naval Power in the Pacific*, (Boulder: Lynne Rienner Publishers, Inc., 1990) suggests that the Pacific Fleet has become the equal in size and firepower to the Northern Fleet. However, Malcolm Mackintosh states in "Soviet Strategic Dilemmas in the North Pacific in the 1990s," in Ross Babbage, ed., *The Soviets in the Pacific in the 1990s*, (Rushcutters Bay, Australia: Pergamon Press, 1989), that he believes the Pacific Fleet is now the largest in the Soviet Navy.

mines would be used to keep out enemy ships and secure the Sea of Okhotsk in event of war.⁴³

Additionally, the Japanese Defense Agency (JDA) estimated in 1990 that the Soviets had a division-size force in the Kurile Islands equipped with top of the line Soviet arms. In addition to tanks, MI-24 Hind helicopters and armored personnel carriers, this division also had at its disposal 152 mm cannon. The report also placed Mig-23 aircraft at a base on Etorofu Island.⁴⁴

B. ATTEMPTS TO RESOLVE THE KURILE ISLANDS QUESTION DURING THE COLD WAR

Although there were several attempts during the Cold War to come to some solution over the Kurile Islands, they share two common points. First, they all ultimately failed, and second, they all mirrored the failure of the Peace Negotiations of 1955-6 between Japan and the Soviet Union. The talks began with both sides sticking to their usual positions. For the Japanese, this included room for negotiation over the Kurile Islands after a peace treaty had been signed; the Soviets, on the other hand, stuck to their

⁴³ da Cunha, pp. 73-4. da Cunha also makes the point in his book that given the modernization of the Pacific Fleet in both its surface and Naval Air Force, the United States would face a formidable opponent during any confrontation between the two fleets.

⁴⁴ Japan Defense Agency, *Defense of Japan-1990*, p. 47.

position that the Japanese had no claim to either the Kuriles or southern Sakhalin Island.⁴⁵

A sudden change in the Soviet position in August 1955 gave hope to Matsumoto that the Japanese could get at least half of what they wanted, the islands of Habomais and Shikotan, and that negotiations for the other half of the loaf could be discussed at a later date. Unfortunately, Tokyo was in disarray and instructions came back to Matsumoto not to accept the Soviet offer; this resulted in a return by the Soviets to their previous hard-line position on the territories. Talks were halted and did not begin again until the following year.⁴⁶ When these talks also failed to bear fruit, the pattern had been established for all future talks between the Japanese and the Soviets over the Kurile Islands--neither side would move from their cemented positions.

Another common thread throughout the Cold War negotiations over the Kurile Islands was a call by the Soviets that Japan remove all foreign troops from her soil. Bluntly put, the Soviets wanted the Japanese to remove all American forces from Japan, effectively ending the alliance formed in 1951 between

⁴⁵ There are few comprehensive English language sources that cover these negotiations. One good amalgamation is Michael L. Thompson, *The Northern Territories: Case Study in Japanese-Soviet Relations*, (Monterey: Naval Postgraduate School, 1982). The best Japanese publication is written by the negotiator for the Japanese at the talks, Shunichi Matsumoto, *Moskwa ni Kakeru Niji*, (Tokyo: Asahi Shimbun Sha, 1966).

⁴⁶ Thompson, p. 22.

the U.S. and Japan. The Soviet position of wanting to separate the Americans from Japan, coupled with the post-1956 Japanese position that all the islands had to be returned, has continued to this day.

C. GROWING JAPANESE MILITARY CAPABILITY DURING THE COLD WAR

There seems to be a popular misconception in the United States that Japan is a country without any self-defense capability. Such is not the case; since the 1970s, Japan has dramatically modernized its Japanese Self Defense Force (JSDF). While it is not the intention of the author to detail this modernization, it is necessary to address this growing ability of the Japanese to defend themselves. It is at the heart of the debate over what direction U.S.-Japanese relations should take now that the Cold War is receding into history.

It is difficult to tabulate exactly how many ships are in the Soviet Pacific Fleet since the break-up of the Soviet Union. Furthermore, there are questions about the mission of this fleet given the changes in the world. What is known is the majority of the Soviet Pacific Fleet was commissioned before 1970 and lacks the necessary capability to defend itself against a force equipped with cruise missiles.⁴⁷ This

⁴⁷ The majority of information on capabilities and equipment on Soviet Pacific Fleet ships comes from *Jane's Weapons Systems 1990-91* (London: Jane's Publishers, Ltd., 1990) and *Jane's Fighting Ships 1990-91* (London: Jane's

should not be construed as minimizing Soviet abilities. Their ships are still capable of inflicting great harm on enemy ships, primarily due to the capability of their onboard missiles, like the SS-12.⁴⁸

While the Soviet Fleet is still large, it cannot and has not kept pace with the modernization of the Japanese Maritime Self Defense Force (JMSDF). The majority of the Japanese fleet was built after 1970; it is technologically advanced, utilizing state-of-the-art electronics, self-defense systems, and new propulsion techniques.⁴⁹ Given this disparity in force modernization and technological sophistication, why is it taken for granted in this country that the Japanese are incapable of providing for their own defense? While it is true Japan would need to rely on the U.S. for its carrier force and nuclear capability, the JSDF and JMSDF are, in the conventional arena, quite a formidable force. In some areas, mine-sweeping especially, the Japanese are very proficient--events after the Gulf War point to this.⁵⁰ Why then, does the impression remain that the Japanese are a non-military

Publishers, Ltd., 1990).

⁴⁸ Norman Polmar, *Guide to the Soviet Navy* (Annapolis: Naval Institute Press, 1983), p. 366.

⁴⁹ Stephen Yoder, "Japanese Ship Will Use Super Conductors," *Asian Wall Street Journal*, 17 August 1988, p. 3. Also, *Jane's Fighting Ships 1990-91*.

⁵⁰ Kunio Nishimura, "Making History," *Look Japan*, December 1991, pp. 9-10.

country? The answer seems to be in two parts. First, American defense writers perpetuate this myth, and second, there is a misconception in this country concerning the Japanese Constitution, especially Article Nine, the so-called "no military clause."

D. JAPAN'S USE OF HER CONSTITUTION TO ACHIEVE SECURITY AND ECONOMIC AIMS DURING THE COLD WAR

During the Cold War, Japan was concerned with both the capabilities and intentions of the Soviet Union. While the capabilities of the Soviet forces in the Russian Far East were well-known, the intentions of the Soviets were not always so easily discerned. The Japanese entered into a bi-lateral defense arrangement with the United States during the Cold War to deter any Soviet threat. By relying on the United States for its defense, Japan could continue to concentrate on rebuilding her economic strength. Recent changes in the former Soviet Union have now given rise to calls in this country that Japan spend more of her budget on defense. Japan has grudgingly done so, but only on forces that it calls defensive.

While the Japanese are a non-nuclear power, they are quite capable of defending themselves conventionally with some assistance from the U.S. Was it part of a Japanese plan to present themselves to the world as non-military? The answer seems to be yes. Shigeru Yoshida was instrumental in keeping

Japan from becoming a part of any multilateral Pacific defense or security system. The instrument he used to accomplish this brings us to the second part of the equation, the Japanese Constitution.

Yoshida, prime minister from 1946-1954, formulated a policy that would allow Japan to focus on economic development and leave the defense of Japan primarily to the Americans. He acknowledged that this swap of bases for security may seem "devious,"⁵¹ but he had a U.S. provided cover- the Japanese Constitution. The full quote makes even more clear what Yoshida's intent was in this regard

...the day [for rearmament] will come naturally when our livelihood recovers. It may seem devious (zurui), but let the Americans handle our security until then. If the Americans complain, the constitution gives us a perfect justification (chanto shita riyu ni naru). The politicians who want to amend it are fools.⁵²

⁵¹ Kenneth Pyle, "How Japan Sees Itself At Home, In Asia, and Around the World, *The American Enterprise*, 2, #6 (1991), p.31.

⁵² Kenneth Pyle, "The Post-Cold War Order in East Asia: The View From Tokyo, 1992, p. 7. This is a draft paper which was presented at the Second Annual Workshop on Asian Politics held in Monterey, CA on March 19-20, 1992. It is used with permission of the author. Probably the most interesting aspect of the Yoshida quote is the aide to whom he was speaking- Miyazawa Kiichi, Japan's Prime Minister at the time of the writing of this thesis [June 1992].

1. Development of the Constitution⁵³

Immediately after the end of World War II, General MacArthur notified the Government of Japan of the need to reform the old Constitution. A committee was formed which drew up two drafts; both were rejected when presented to MacArthur as being too conservative. What followed next forms the crux of the debate between those in the U.S. and Japan who believe Japan has a right to re-arm itself for self-defense and those who interpret the Constitution in a way that precludes any resurgence of the Japanese military.

One faction holds that MacArthur inserted a clause renouncing the use of force even in the instance of providing for security. The opposite view holds that this clause was presented to MacArthur by Prime Minister Shidehara. Interestingly, Auer quotes Yoshida as recalling events in this manner; not surprising, given Yoshida's statement that the use of the Constitution to pursue economic interests "may seem devious."

Other evidence comes from the comments of the chairman of an investigation committee that examined the origination of

⁵³ All of the following section is compiled from James E. Auer, "Article Nine of Japan's Constitution: From Renunciation of Armed Force 'Forever' to the Third Largest Defense Budget in the World," *Law and Contemporary Problems*, 53, nos. 1&2 (1990), pp. 171-87. This article was part of a special edition of the journal that dealt with Japan's Constitution and the interpretations of it over the past 45 years.

the Constitution, Professor Takayanagi:

Article 9 had its origins in Tokyo, not in Washington. The idea was first suggested by Prime Minister Shidehara, not by General MacArthur....No one else was present at the interview which continued for some three hours. Shidehara astonished the General with a proposal for the insertion of renunciation-of-war and disarmament clause into the new Constitution. Apparently the General hesitated at first because of the possible deleterious effects on United States foreign policy in East Asia, if the proposal were approved....before the SCAP draft and Japanese government bill were drawn, the General and the Prime Minister agreed to insert such a clause in the new Constitution⁵⁴

When the above is coupled with MacArthur's memoirs, in which he avers the belief that Japan had the right to arm for self-defense, the pattern established by Yoshida of accentuating the economic and leaving the costs and associated burdens of defense to the Americans becomes clear. This issue will be discussed more in Chapter Six, as well as U.S. responsibility for allowing this policy to be practiced with little or no interference until recently.

2. Japan's Economic Growth During the Cold War

In the aftermath of World War II, the Japanese economy was in shambles, not just from the war but from the combined effects of having been involved in military adventures for almost two decades. Ironically, it was American involvement in the Korean War that set the stage for one of the most remarkable economic success stories of the twentieth century. When U.S. forces entered Korea, they relied on the Japanese

⁵⁴ Quoted in Auer, pp. 173-4.

for supplies such as binoculars, trucks, and cameras.⁵⁵ While Ambassador Reischauer tends to give more credit to the Japanese for their recovery because of societal factors, it was an American statistician, Dr. Edwards Deming, who is widely recognized, even in Japan, as the person who provided the expertise necessary to reform Japanese business and industry to achieve the successes it has enjoyed.

Demings's concentration on Total Quality Management (TQM) techniques were ignored in the U.S., but enthusiastically embraced by the Japanese. Proof of the success of these ideas and their importance to the rapid emergence of the Japanese economy can be seen in the annual award of the Deming Prize in Japan to the company that best exemplifies Demings's principles. Also, if imitation is the sincerest form of flattery, then the fact that numerous American firms are now implementing Demings's TQM techniques is further proof of their importance to the post-war economic recovery of Japan.

If the Korean War was the catalyst for the economic recovery of Japan, then the 1960s and 1970s were the result of that charged boost. The only blip on the screen for the Japanese was the Oil Crisis of 1973, which they effectively met by economizing and reducing energy-reliant industries and

⁵⁵ Edwin O. Reischauer, *The Japanese Today* (Cambridge, Mass.: Belknap Press, 1988), pp. 309-12.

refocusing their efforts toward clean, high-technology industries.

As an indication of the boom experienced in the 60s and 70s, consider the following statistics. For the period 1965-1974, industrial production in Japan doubled; steel production went from 41.1 million tons to 117.1 million tons; production of passenger cars went from less than one million to over 4.5 million.⁵⁶ Following a concerted effort to reduce energy expenditures and waste, dependence on oil for energy was reduced from a high of over 80 percent in 1972, before the Oil Crisis, to 61 percent in 1983.⁵⁷

While the perception in this country seems to be that it is primarily in the automobile industry that Japan has achieved superiority, such is not the case. Japan also leads the world or is a major competitor in the following fields: cameras, VCRs, TVs, computer chips, computers, genetic engineering, and radios. In the world of consumer electronics, Japan has fully 90 percent of the market.⁵⁸

The result of this economic growth is that Japan is once again the pre-eminent power in the Northeast Asian area. With the collapse of the Soviet Union, Japan's defense expenditures, while barely over one percent of GNP (this

⁵⁶ Mikiso Hane, *Modern Japan: A Historical Survey* (Boulder: Westview Press, 1986), p. 377.

⁵⁷ Ibid, p. 378.

⁵⁸ Ibid, p.378.

includes the cost of maintaining U.S. forces in Japan) are now among the highest in the world. This translates into \$33 billion per year, about the same as China, France or Germany.⁵⁹

As mentioned at the beginning of this chapter, the Japanese have been able to achieve this economic success while under the protection of the American military. Moreover, Japan was ushered into the world economy with United States sponsorship. Many of the countries in Europe resisted this move, and it was only because of U.S. insistence that Japan was given membership in the General Agreement on Tariffs and Trade (GATT) in 1955 and the Organization for Economic Cooperation and Development (OECD) in 1964.⁶⁰

This rapid rise of Japan, from the ashes of defeat at the end of World War II to economic leader, did not go unnoticed in Moscow. While earlier leaders like Brezhnev and his rapid successors did not attempt to normalize relations with Japan, Gorbachev recognized the need to copy some of the examples Japan had set. However, Gorbachev mistakenly believed it would be possible to implement these changes without turning away from socialism.

⁵⁹ George Friedman and Meredith Lebard, *The Coming War With Japan* (New York: St. Martin's Press, 1991), p. 328.

⁶⁰ Reischauer, pp. 317-319.

E. JAPANESE-SOVIET TRADE DURING THE COLD WAR

Japanese trade with the Soviet Union during the Cold War was practically non-existent until the beginning of the 1970s. During the Ninth Five-Year Plan (1971-75), numerous compensation agreements were agreed upon by the two countries. Some of the impetus came from the Oil Crisis of 1973; another deciding factor was extremely pragmatic-the Japanese wanted market share and access to raw resources which they do not possess. While Europeans were concentrating on trade with the European sections of the Soviet Union, Japan and the United States were concentrating on the Eastern and Western parts of Siberia and the Soviet Far East.⁶¹

The Japanese used compensation agreements in their dealings with the Soviets; a quite attractive way of doing business from their perspective. In return for agreeing to supply the Soviets with heavy equipment on liberal credit terms, the Japanese received contracts from the Soviets for other equipment the Soviets needed. To repay the loan, the Soviets provided Japan with raw materials that it needed to fuel its export-driven economy. As Mathieson points out in his analysis of Japan's role in Soviet growth

⁶¹ Raymond S. Mathieson, *Japan's Role in Soviet Economic Growth: Transfer of Technology Since 1965* (New York: Praeger Publishers, 1979), pp. 1-11. While the date on this publication would appear to make it obsolete, such is not the case. The author had access to classified documents which show much of the information presented is still current; however, since this is an open source document, it will be used as a reference vice classified data.

(most Western countries, including Japan, find such compensation deals attractive. The deferred credit, frequently granted on a government-sponsored bank to bank basis, insures that it can sell its industrial goods to the Soviet Union, sometimes in huge quantities, on favorable terms. On the other hand, the compensation deal insures that in future years Japan will receive raw materials or other products in repayment of its original loans....The real benefits obtained in terms of assured supplies of raw materials from Soviet sources and the huge expansion of Soviet markets for Japanese technological plant and equipment have proved phenomenal.⁶²

A sampling of the raw materials the Japanese received during the 70s and 80s as a result of these agreements show the types of materials the Japanese needed to fuel their industry: lumber, wood chips, iron ore, coal, liquified natural gas, wood pulp and various types of non-ferrous metals. Also, the Japanese entered into some agreements with the U.S. to help develop oil and natural gas fields in the Siberian and Soviet Far East regions of the country with a specified percentage of extractions earmarked for delivery to Japan at bargain prices.⁶³

These dealings slowed in the 1980s and until recently appeared to be dying a slow death. The reasons for the decline in trade seem due to the Japanese finding other markets, and the continuing dispute over the Kurile Islands. When the Soviets felt they were not getting a deal to their liking, they resorted to veiled threats that they would offer the project to other countries, like Germany or France. The

⁶² Ibid, pp. 14-16.

⁶³ Mathieson, pp. 12-29.

results of such threats proved frustrating to both sides, as can be seen from the following observation

(t)hese unsuccessful negotiations mark a characteristic capriciousness in Russian 'on-again-off-again' planning. For the Japanese, it represents a costly and frustrating waste of time in preparation of feasibility studies and long, finally abortive, negotiations.⁶⁴

Attempts to bring the Kurile Islands into the discussion of business by the Japanese brought about much consternation and resentment on the part of the Russians. The pattern was to

...gain political advantage while commercial negotiations and compensation deals are under negotiation. A frequent Japanese negotiating strategy is that agreements would proceed much more smoothly if the Soviet Union would recognize the Japanese claim to sovereignty over four northern islands...[and the issue] was settled to Japan's satisfaction⁶⁵

While this tactic was unsuccessful for the Japanese, because of the intransigence of the Soviets, the next chapter will look at the movement that was made under Gorbachev. While nothing concrete was obtained, at least the position of the Soviets was eased enough that there could be discussion of the islands, albeit along the now familiar lines of "land for money."

⁶⁴ Ibid, p. 23.

⁶⁵ Mathieson, p.22.

F. SUMMARY

While the relationship between the two countries has been marked by tension, and at times, armed conflict, this has not kept the two from dealing with one another in the commercial arena. Even under the Communists, the Japanese were active in trade and development of natural resources in those regions of the Soviet Union from which the Japanese could derive some benefit.

Dealing in a characteristically pragmatic manner, when the benefits derived were outweighed by the amount of time and money invested, the Japanese quietly withdrew from some of their business dealings with the Soviet Union; however, they never completely abandoned the area. This is probably due to two factors. First, the Japanese wanted to keep any avenue available open that might lead to the return of territory they feel is rightfully theirs. Second, being pragmatic business people, the Japanese were unwilling to allow themselves to be completely shut out of any potential market, especially one that possesses the mineral and raw material wealth of the Siberian and Far East regions of the Soviet Union.

The actions of the Soviet Union during this period were often contradictory. While professing a desire to be a friendly force in the Pacific, the Soviets conducted a build-up of Soviet nuclear and conventional capabilities in the Pacific, using the Sea of Okhotsk as the base for its SSBNs.

The Japanese quite naturally were apprehensive about this buildup so close to their shores, especially when the intentions of the Soviets were so unclear. Soviet policy in the area mirrored their military actions. While attempting to separate the U.S. and Japan, the Soviets, by virtue of their military buildup, ensured the Japanese would be driven closer to the United States, not further away. Even while engaging in economic relations with Japan, the Soviets refused to negotiate the status of the Kuriles. By taking this stand, the Soviets cut themselves off from one of the only country interested in investing in the Russian Far East. When the oil crisis passed, so did all but a cursory interest by the Japanese in investing in the Soviet Union. Finally, the Soviets could see a former enemy had moved past them economically, a fact that elicited both envy and fear. The Japanese, a small island country of Asians, was more technologically advanced than one of the world's nuclear superpowers. Adding to the fear, the Japanese were closely aligned with the Soviet Union's "enemy," the United States. Something needed to change. Gorbachev, recognizing this, set about to become part of the "Pacific Century." The next two chapters will address the changes brought about by Gorbachev in Russia, and the many possibilities that have arisen as a result of the failed coup and the rise of Yeltsin.

IV. GORBACHEV: NEW THINKING AND NEW HOPES

A. NEW LEADER, NEW IDEAS, LITTLE CHANGE

Soon after becoming General Secretary of the CPSU, Mikhail Gorbachev met with Japan's Prime Minister Yasuhiro Nakasone and assured him that a different view of Japan would emerge in his administration.⁶⁶ This change in attitude toward Japan was one that Gorbachev was to follow in "fits and starts" throughout his tenure without much of the success and assistance that he hoped to achieve. This chapter will examine the initiatives proposed by Gorbachev, his ability to carry through on them and the Japanese reaction to them. It is instructive to examine this phase of Russian-Japanese relations closely since this was the first time since the abortive talks in the mid-fifties that a Soviet leader had indicated any progress might be possible on the Kurile Islands question. The initiatives that Gorbachev attempted to put forward form a blueprint that might be followed by Boris Yeltsin, if he is to be more successful than his predecessor in getting the Japanese to reinvest in the Russian Far East.

⁶⁶ Tsuyoshi Hasegawa, "Japanese Perceptions and Policies Toward the Soviet Union: Changes and Prospects Under the Gorbachev Era," in *The Soviet Union and the Asia-Pacific Region: Views From the Region*, ed. Pushpa Thambipillai and Daniel C. Matuszewski (New York: Praeger, 1989), pp. 28-9.

While Gorbachev made numerous changes in the people who represented the Soviet Union, his position on the Kuriles remained, with few exceptions, the same as that of his predecessors. Contact between Soviet and Japanese diplomats was increased under Gorbachev; additionally, Eduard Shevardnadze, Gorbachev's selection as Foreign Minister, oversaw a reformation of the Foreign Ministry that reflected the new importance of Japan to the Soviets' "new thinking."

Less than one year after Gorbachev assumed power, Shevardnadze became the first Soviet Foreign Minister to visit Japan in ten years. The Japanese lost no time in raising the one issue that dominated their relationship- the Kurile Islands. The answer the Japanese received was mixed. While Shevardnadze agreed to discuss the issue's "unresolved questions," he also reiterated the common Soviet theme that the Soviet position "had been resolved."⁶⁷ This seemingly contradictory position did not completely disappoint the Japanese; they were content to get the Soviets to admit to the "unresolved questions," believing this could be used as a springboard in future talks.

Proof of the Japanese acceptance of the new Soviet position on the Kuriles came when Foreign Minister Abe visited Moscow four months later in May 1986. During this visit, the Committee for Cooperation on Science and Technology was

⁶⁷ Hasegawa, pp. 29-30.

reestablished. In return, Japanese citizens were given permission to visit the graves of relatives located in the Kuriles.⁶³ While these developments were going on, many in the West wondered about Gorbachev's purpose in turning to the East. The answer was not long in coming.

1. The Vladivostok Speech

In his speech in Vladivostok in July 1986, Gorbachev made clear his intent to re-emphasize the Soviet Far East and its development. While the majority of the speech concerned Soviet-Asian relations in a general way, it did address the Japanese question.

On relations with Japan. There are emerging signs of a turn for the better here as well. It would be good if the turn did take place. The objective position of our two countries in the world demands profound cooperation on a sound, realistic basis, in a calm atmosphere free from the problems of the past. A beginning was made this year. The foreign ministers exchanged visits. On the agenda is an exchange of top-level visits.

Economic cooperation is of mutual interest. The point at issue is, first of all, our coastal regions, which already have business contacts with Japanese firms. It is possible to discuss the question of establishing joint enterprises in adjacent and nearby regions of the USSR and Japan. Why not establish long-term cooperation in the investigation and comprehensive use of the ocean's resources? Why not link up the programs concerning the peaceful study and use of outer space? The Japanese, it seems, have a method of making relations more dynamic,

⁶³ Ni Xiaoquan, "Gorbachev's Policy Toward the Asia-Pacific Region," in *The Soviet Union and the Asia-Pacific Region: Views from the Region*, op. cit., pp.19-20. Hasegawa also mentions these developments in his article.

called "economic diplomacy." Let it serve Soviet-Japanese cooperation this time.⁶⁹

Obviously, this was a plea by Gorbachev for the Japanese to return to the area it had abandoned in the early 80s, the Soviet Far East. However, Japan's interest in the area had ebbed because of soured business dealings and a loss of need for the oil and gas present there due to the restructuring of the Japanese business structure.

If it was Gorbachev's intent and belief that the Japanese would come with open wallets to reinvest in this region, he would have been better advised to have omitted the use of the code words "problems of the past." As one Japanese observer noted, the use of such a term was a Soviet code for the Northern Territories.⁷⁰

Implicit in his speech was a recognition by Gorbachev that while the Soviet Union had become a military superpower in the region, it did not have the economic capability to go with that military power. In fact, the expansion of Soviet power had made its neighbors wary of Soviet intentions in the region. Just as he was doing in Europe, Gorbachev was attempting to alleviate the concerns of his neighbors.

⁶⁹ Mikhail Gorbachev, speech delivered at the Ceremonial Meeting Devoted to the Presentation of the Order of Lenin to Vladivostok. (Vladivostok Speech, hereafter.), 28 July 1986. Found in Robert A. Manning, *Asian Policy: The New Soviet Challenge in the Pacific* (New York: Priority Press Publications, 1988), p.111.

⁷⁰ Susumu Awanohara, *Far Eastern Economic Review*, 13 November 1986, p. 16.

The obvious question arises as to why he had undertaken and was ready to further reduce forces in the region? Bilveer Singh suggests three reasons: 1) to have the Soviet Union seen in a new light; 2) to have U.S. policies in the area put on the defensive; and, 3) to disrupt the strategic stability and regional balance of power.⁷¹

As Singh points out, the reduction of military force was a calculated risk that would make Gorbachev unpopular with the military, yet show the strength of his reform movement, not only to the Soviet citizenry, but also to the world at large. Singh also points to a major problem for the U.S. in the future, now that the Cold War has ended and the old alliances are being reexamined. He contends that since

...the United States is not a geographical Asian power while the Soviet Union is, may mean that the days of the United States as the leading Asian power are over while those of the Soviet Union are just beginning.⁷²

While this observation was made in context of the initiatives by Gorbachev, it seems unlikely that any growth in Russian stature in the region might come at the expense of the United States. Given the decline in Japanese interest in the area and the lack of movement on the Kurile Islands, facts which Singh seems to ignore, there would need to be many changes in

⁷¹ Bilveer Singh, "The Asia-Pacific in the Era of Reduced Soviet Military Presence," *Issues and Studies*, 26, no. 9 (1990), pp. 74-78.

⁷² Ibid, p. 76.

Russian policies before the Japanese would consider turning away from the United States.

The Asian model could be followed by Russia, in modernizing her economy. Contrary to a common perception in the United States, the Pacific Dragons' economies are not based on the unfettered free market idea. They are semi-planned economies, just not centrally planned ones. Marshall Goldman, a noted economist who specializes in analyzing the economy of Russia, notes

(t)here is a danger that American observers of the Soviet system may be so blinded by their own circumstances that they cannot imagine different models of technological development. Other *somewhat planned economies, such as those of Japan, Taiwan, and South Korea*, are leaders in advanced technology, but their planning systems are not as centrally determined as the Soviet system. The Asians have been able to combine broad planning with private enterprise. Although their enterprises have many more checks and controls than do large American companies, they nonetheless have provided for a flexibility and speed that are missing from the cumbersome Soviet system.⁷³

From this statement, one can see that Gorbachev was attempting to loosen some of the controls the Gosplan and Gosbank exerted on the Soviet economy and allow it to grow while maintaining the tenets of socialism. He was tentatively following the Asian model while seeking to preserve socialism. While he failed in his effort to preserve socialism, the overall goal of following the Asian economic model remains a good one- one that Yeltsin could follow.

⁷³ Marshall Goldman, *Gorbachev's Challenge* (New York: W.W. Norton and Co., 1987), p. 101. (Italics added).

Returning to the Vladivostok speech, other analysts noted another concern addressed by Gorbachev in the speech: Japan's reemergence as a regional military power and its place in U.S. strategy for the region. When Ronald Reagan assumed office in the United States, a new policy in the Pacific emerged, one that emphasized and required a more active role for the JDF and JMSDF. Also, the Japanese had, since the late 70s begun to improve relations with China; this was a reversal of previous Japanese policy which attempted to keep a balanced, distant relationship from both countries. Gorbachev could see the improvement in the economy of China, partly as a result of Japanese investment and sought to share in that improvement. While the main reasons for China's economic advance was agricultural reforms and a loosening of controls, Gorbachev was not ready to go that far. It was part of Gorbachev's attempt to have the Russian people stress their pocketbooks over calls for democracy that had arisen as a result of glasnost and perestroika.

Unfortunately for Gorbachev, there were a few key events that kept him from getting the Japanese to invest heavily in the Soviet Far East. As cautiously happy as the Japanese were with the new Soviet face, they were still unwilling to change in any fundamental way their relationship with the United States and the West. Gorbachev's calls for the Japanese not to participate in the U.S.'s Strategic Defense Initiative (SDI) went unheeded. When the Japanese

announced they would assist with SDI research in September 1986, the Soviet press pronounced the move as "Japanese militarism."⁷⁴

The next crisis to erupt was the Toshiba incident,⁷⁵ which resulted in closer controls by the Japanese on exports to Communist bloc countries. The incident also led to denunciations in the U.S. Congress and fueled more "Japan bashing" by congressmen- an action that played well with their constituencies, but upset the Japanese.⁷⁶ Finally, the Soviets and Japanese closed out the year with a spy scandal which resulted in both countries expelling diplomats.

Having been unsuccessful in his first attempt to get Japan to begin to reinvest in the Russian Far East, Gorbachev proposed a two-track program in 1988. Manning suggests that Gorbachev's intent was to intensify

the search for a compromise formula that would resolve the territorial issue in such a way that both sides could live with it.⁷⁷

⁷⁴ Manning, p.57.

⁷⁵ Clyde V. Prestowitz, Jr., *Trading Places: How We Are Giving Our Future to Japan and How to Reclaim It* (New York: Basic Books, Inc., 1988), pp.374-376. When a U.S. submarine was pinged by a Soviet submarine in 1986, an investigation led to the disclosure that Toshiba, along with its Norwegian partner, had sold propeller milling technology to the Soviet Union. Prestowitz points out that in addition to showing the lax attitude of the Japanese government toward its industries, this event was also a result of the loss of this industry in the United States.

⁷⁶ Manning, p.57

⁷⁷ Ibid, p.59

Another analyst believes that Gorbachev had three goals when he began his drive toward a new Asian policy. These were

reducing the threat to Soviet security posed by the People's Republic of China, the United States and its allies; developing closer political relations with all countries in the region, regardless of ideological orientation, through a new flexibility in resolving longstanding disputes with the PRC, Japan, and South Korea; and establishing more organic links to the dynamic regional economic order, in order to accelerate the reform process within the USSR. Economic cooperation with nations of east Asia and the Pacific region is viewed by the Soviet leadership as an important stimulus to perestroika...⁷⁸

If one of Gorbachev's goals was to reduce the perceived threat to Soviet security, his emphasis should have been on reducing the perceived Soviet threat in the Pacific. His calls in Vladivostok for a different security alignment only made the Japanese suspicious and resulted in their cooperation on SDI research. It was ludicrous to expect other nations in the region to accept a Soviet call for new security arrangements when fully one-quarter of Soviet armed forces were in the Far East.⁷⁹

⁷⁸ Charles E. Ziegler, "Soviet Strategies for Development: East Asia and the Pacific Basin," *Pacific Affairs*, 63, #4 (1990-91), p. 451.

⁷⁹ Xiaoquan, p.16. Xiaoquan is also another source who believes that the Soviet Pacific Fleet became the largest in the Soviet Navy during the 1980s. He also points out that this military power was never translated into prestige in the region because of the distrust of its neighbors about the Soviets intentions.

2. Krasnoyarsk

Sensing that he was losing the impetus started by his Vladivostok speech, Gorbachev tried to regain the high ground by putting forth new proposals during a visit to Krasnoyarsk in September 1988. Gorbachev called attention to the horrible conditions in the Far East and Siberia; he called again for economic cooperation; he said again, as in Vladivostok, that the Soviet Union wanted to join the Pacific Economic Cooperation Conference. Additionally, he said that proposals to encourage foreign investment in the Far East were in preparation.⁸⁰

One of the proposals being suggested was Free Economic Zones (FEZ). In his speech, Gorbachev said that in these zones there would be "a preferential system for tariffs, licensing of foreign economic transactions, and taxation."⁸¹ Once again though, Gorbachev had started into motion a proposal that was going to raise the ire of the military. The primary city that Gorbachev wanted to use for these new FEZs was Vladivostok, home to the Soviet Pacific Fleet. When a conference was held in Vladivostok in October 1988, representatives of 36 nations were touring through the city

⁸⁰ Zeigler, p. 453.

⁸¹ Scott Atkinson, "The USSR and the Pacific Century," *Asian Survey*, 30, #7 (1990), p. 630. A text of the Krasnoyarsk speech that deals with the foreign policy initiatives appears in "News and Views from the USSR," *Soviet Embassy Information Department* (Washington, D.C.) 19 September 1988, pp. 1-11.

taking pictures of the fleet. Besides upsetting the navy, Gorbachev's proposals also upset the party apparatchiks who feared a lessening of their power if these new FEZs were allowed to be established. With opposition from these two powerful forces, this proposal was doomed to failure.⁸²

There was, however, a second city that was proposed for FEZ status that did not meet with such opposition, and, in fact, also appealed to the Japanese, Nakhodka. This city was already established as a port at which foreign ships called frequently; in addition, Japan had links to Nakhodka through two channels: fishing and cruise lines.⁸³ The Japanese were also interested in Khasan, located near the North Korean border, as a automobile production area and for producing high-grade commodities.⁸⁴ There was a recognition by others besides Gorbachev that only by turning eastward could the Soviet Union hope to achieve its goals of restructuring the bankrupt Socialist system; unfortunately, as became apparent as the end neared for Gorbachev, he never recognized the need to abandon socialism. He continued to hold to the belief that he could reform the system without sweeping it away. Among the supporters of this limited eastward view was Yevgeniy Primakov, who observed that

⁸² Ibid, pp. 631-3.

⁸³ Atkinson, p. 633.

⁸⁴ Ibid, p. 633.

(t)he Pacific region has become the center of world development. Today it is demonstrating the most rapid rates of economic growth and scientific-technical progress. I am not talking only about Japan or the West coast of the United States but also about the so-called "economic tigers"-South Korea, Taiwan, Singapore, and Hong Kong. Thailand, Malaysia and Indonesia are developing rapidly. A state's strength is determined less and less by its military power alone.⁸⁵

Gorbachev, and others, recognized the riches that were in the Far East; they also recognized the only hope of getting this area developed was to rely on outside investment. Any hope of tapping this potential depended on the Soviets gaining access to the technology of the West and Pacific Rim. As one observer put it

(r)eaching a modus vivendi with Japan will probably be Gorbachev's greatest single challenge in East Asia. He wants technological assistance from Japan in order to develop Siberia, and if the Soviet Union intends to join the dynamic Pacific economy he needs Japan's support.⁸⁶

B. JAPAN'S REACTION TO GORBACHEV'S OVERTURES

Despite these attempts by the Soviets to gain access to Pacific Rim technology, especially from Japan, Gorbachev's level of success was minimal. The Japanese clung to their old position-no change on the islands, no real investment. Gorbachev made known his wish to be the first Soviet leader to visit Japan; Japan made it known that while they welcomed such

⁸⁵ Quoted in Atkinson, p. 636.

⁸⁶ Donald S. Zagoria, "Soviet Policy in East Asia: The Quest for Constructive Engagement," *The Korean Journal of Defense Analysis*, 2, #1 (1990), 12.

a visit, the Kurile Islands would dictate what degree of success such a visit could hope to achieve. In any event, during this period, Japanese interest in investing in the Russian Far East had tapered off since the 70s. In fact,

among several hundred joint ventures the Soviets...signed, Japan's share is only a meager five-a good indication that Siberia is no longer so alluring to Japan's business sector.⁸⁷

The Japanese also continued to resent the treatment they had received during the time Gromyko was Soviet Foreign Minister. These factors, coupled with a desire not to upset their relationship with the United States kept Japan from enthusiastically responding to either Gorbachev's Vladivostok or Krasnoyarsk proposals.

Harry Gelman points out that perhaps the Japanese believed that if they continued to be hesitant in their response that Gorbachev would continue to move toward their position on the Kurile Islands and Soviet military presence in the Pacific Rim. He also believes the Japanese knew they were only getting

cosmetic concessions in place of geopolitical retreats. Gorbachev has indeed been extremely active in extending pallatives to Tokyo; one gets the impression that his advisers have been tasked to compile lists of concession that might be made to Japan on inessentials....He has himself met with Japanese political and business leaders, and has opened up the Soviet media to statement of the Japanese point of view. He has sent platoons of academics to Tokyo to cultivate the Japanese elite....He has made Symbolic gestures such as allowing visits by Japanese to grave sites in the Northern Territories. He has stopped

⁸⁷ Ibid, p. 14.

insisting that the Northern Territories are a non-issue....

But up to now he has not yielded on the two issues that matter to Japan. He has refused to reduce the military posture adjacent to Japan that Japan regards as threatening, and he has refused to return the Northern Territories. Instead, he has continued to seek to get the Japanese to agree to improve the atmosphere of the relationship and to expand trade and investment in the Soviet Union in the absence of settlement of these issues.⁸⁸

Whether the Japanese knew Gorbachev's proposals were only cosmetic or not, their minimal reaction to them does show their ability to wait over the long term to allow a situation to work in their favor. This pragmatic approach to both business and politics, as well as the resource wealth of the Russian Far East, will be discussed in Chapter VI.

C. GORBACHEV'S APRIL 1991 VISIT TO JAPAN

From April 16-19, 1991, Mikhail Gorbachev and then Prime Minister Toshiki Kaifu met in Tokyo in historic meetings. The stage for this visit had been under construction since Gorbachev's Vladivostok speech; the final plank was set down during a visit by Foreign Minister Uno to the Soviet Union in May 1989. It was during this visit that Japan played its first card in response to all of Gorbachev's initiatives. A proposal was made that involved

⁸⁸ Harry Gelman, *Policy Implications: A Strategy for the West: The Causes and Effects of Gorbachev's Far East Behavior*, April 1990. An unpublished manuscript used with permission of the author. (Emphasis added).

improving trust, stepping up trade, cultural and scientific exchanges, and convening summit meetings with the aim of solving the Northern Territories question and concluding a peace treaty.⁸⁹

Once these ground rules were established that the Kurile Islands would be central to any improvement in relations, plans were made for Gorbachev's visit. When, in January 1991, the Soviets made a request for a top Japanese government official, the LDP Secretary-General, Ichiro Ozawa, went to Moscow to discuss details of the upcoming visit. The Japanese were even more blunt with their proposal-"economic assistance in exchange for the return of the islands."⁹⁰ The timing of the Japanese could not have been worse.

The Ozawa proposal, coupled with Japanese press reports suggesting this was a plan for the return of the islands, caused an uproar in Moscow. Conservatives in the Soviet government and a substantial portion of the public protested what they saw as a selling of territory for money and the promise of further financial aid. To them, it was a sign of weakness and they exploited it to full advantage against Gorbachev. During the March 17 referendum on whether to keep the Union or not, another poll was taken to assess public

⁸⁹ Kunio Nishimura, "The Very Beginning," *Look Japan*, July 1991, p. 9. This article was an interview with Takehiro Togo, ambassador for Hokkaido at the Ministry of Foreign Affairs discussing Japanese-Soviet relations in the wake of Gorbachev's visit.

⁹⁰ Ken'ichi Iida, "Disappointed But Determined," *Look Japan*, July 1991, p. 5.

reaction to the possible sale of the islands. The results were a disaster not only for Gorbachev, but also dealt a blow to the Japanese and confronted them with evidence of how badly they had bungled an important foreign policy initiative. Over 70% of the Soviet public opposed the deal. In addition to conservative opponents, Boris Yeltsin also opposed the sale, but on different terms. He advanced the belief that the islands were Russian territory, not Soviet, and as such, it was up to him to negotiate any deals concerning their possession with the Japanese and not Gorbachev's.⁹¹ This development ultimately kept both Gorbachev and the Japanese from achieving their respective goals.

In his speech before the Japanese Parliament, Gorbachev was able to answer one of the primary Japanese concerns, namely Soviet military power in the Pacific. He outlined Soviet compliance with the INF Treaty and the downsizing of the Soviet forces in the Far East. He also made it clear the Soviets were willing to "begin concrete dialogue with Japan on military issues."⁹² Gorbachev, in spite of the uproar in the

⁹¹ Steven R. Weisman, "No Offers of Billions to Soviets, Tokyo Says," *The New York Times*, National Edition, 15 April 1991, Sec. A, p. 5, col. 1. The Iida article in *Look Japan* also covers portions of this internal Soviet debate over the islands.

⁹² Mikhail Gorbachev, "USSR Foreign Relations With Japan: A Peaceful World Order Depends on Perestroika," *Vital Speeches*, 57, no. 15, p. 454. This is a transcript of the speech Gorbachev delivered on 17 April 1991 to the Japanese Parliament.

Soviet Union, still made mention of the Kurile Islands; however, what he had to say on the issue could not have pleased his audience.

We are interested in linking the economy of the Far East and Siberia to the economic complex forming in the Asia-Pacific region. Being aware of the difficulties, we also see enormous opportunities....

There were many things between our countries that left bitter memories in the hearts and minds of both peoples. What can be done? One can continue to dwell on the past and nurse grudges.

But this is futile. It is necessary to choose a different road- to reconsider the common past for the sake of the present and the future....

Soviet people are grateful to the Japanese for their care of the graves of Russian soldiers on Japanese land. I assure you that our people will care in the same way for the graves of Japanese on our land.⁹³

Just as he had used "code words" in his Vladivostok speech regarding the Kurile Islands, Gorbachev's use of the possessive when speaking of the graves on the islands aggravated his hosts.

In spite of the lack of movement on the Kurile Islands question, Japanese press reports indicate that movement was made by some to begin economic relations with the Soviet Far East. There also seems to be a realization that regardless of what the future of Gorbachev and perestroika might have been, the Japanese were missing an opportunity if they did not establish some relations with those areas of the Soviet Union

⁹³ Gorbachev, p. 455. (emphasis added).

closest to Japan. Indicative of this opinion is the following assessment

(i) f on the other hand, perestroika is given a new lease on life and the trend toward market reform and multiparty politics continues, then the Soviet Far East will most certainly head the movement since, geographically, it is well-situated for economic exchange with China, North and South Korea and Japan. Unlike the Baltics or the Caucasus, the Soviet Far East has not confronted the central government, and in the absence of friction, it is free to pursue trade with other Asian economies. Furthermore, the Soviet Far East is rich in oil and natural gas.⁹⁴

Comments such as this showed a desire to not be left out of any economic development of the region. Once again, the pragmatic side of the Japanese was being revealed. There were also calls for Japan to pay attention to that area of the country that faced the Sea of Japan, or as it is called, the "back." Niigata, the closest Japanese prefecture to a proposed Sea of Japan Economic Zone, held a Eastern Siberia Trade Fair in April 1991 at which \$13.5 million dollars of contracts were made. Additionally, there were some who voiced the belief that because of the weak industries in those areas of the Russian Far East proposed for development that Japan would need to initiate investment in them. Kazuo Ogawa, Vice-Director of the Institute for Soviet and East European Economic Studies, voiced the belief that

⁹⁴ Yutaka Akino, "East of Eden," *Look Japan*, July 1991, p. 11.

(u)p to now, Japan has concentrated on trade with the U.S. Turning toward the previously ignored Japan Sea region can only be productive.⁹⁵

Ambassador Togo also noted that several local Japanese governments were making independent contact with the Russian Far East and welcomed the moves, especially since he expected the Russians to use Hokkaido as their entrance to Japan.⁹⁶

D. SUMMARY

Gorbachev achieved modest success with his initiatives toward the Pacific Rim and Japan, and must be credited with changing the Russian side of the dialogue from one of intransigence to one of actual negotiation. The Japanese must shoulder some of the blame for the failure of any real progress on the Kurile Islands during Gorbachev's visit to Japan since their press reports of Ozawa's trip were instrumental in fermenting protest against any bargaining on the islands question in the Soviet Union. Consequently, Gorbachev used the possessive when speaking about the islands to the Parliament.

The Japanese were also given insight on the views of the person they must deal with now if they are to gain the return of the Kurile Islands, Boris Yeltsin. While Gorbachev initially looked to the Far East, especially Japan, for

⁹⁵ Quoted in an untitled article by Miyuki Mineshige in *Look Japan*, July 1991, p. 6.

⁹⁶ Nishimura, p. 9.

economic reasons, he also understood that if he could improve the Soviet economy it would also strengthen his political standing. If he could achieve success on these two fronts, it would be possible to address the mutual security concerns of both countries. Gorbachev recognized this would be the hardest area to reform since any change in Soviet military stature in the Pacific would be resisted. Gorbachev, however, was still pursuing the old Soviet goal of separating Japan from the U.S.; he just wanted to use economics and "new political thinking" instead of the failed policy of military coercion.

Gorbachev also realized the failure of "old thinking" to adequately develop the rich mineral resources of the Russian Far East. Initially promising, the meager return on investment coupled with the declining level of new investment in the area required an infusion of Gorbachev's "new thinking," even if the goal was the same. There was also an attitude of disbelief and palatable racism in Moscow that an Asian country like Japan had achieved such success in the economic arena. If it was true Japan had the second most powerful economy in the world, what future did this hold for the Soviet Union? Gorbachev realized dramatic action was necessary. He saw a country, like his, that operated under what was essentially one-party rule; however, Gorbachev's reluctance to put aside socialism would keep him from truly reforming the Soviet economy.

In the next chapter, Yeltsin's views will be addressed. The potential of the Russian East Asian region will be examined, as well as the views of the Japanese in the post-coup era.

V. THE POST-COUP ERA: BORIS YELTSIN AND THE RUSSIAN FAR EAST

With the passing of Gorbachev from power and the subsequent breakup of the Soviet Union, the Japanese had to start negotiations anew with a new leader. Many of the circumstances have not changed. The Russians still want and desperately need economic assistance if they are to come into the community of economically developed nations. There is a recognition on the part of the Russians and the other members of the CIS that in order to get this assistance they will have to accede to the terms dictated by the countries providing the aid. The Russian Far East and Siberia are still the key to the economic development of Russia because that is where most of the mineral wealth is located.

If Russia follows through on the terms of the Strategic Arms Reduction Treaty (START), the Japanese will have removed from their backdoor a threat that has been present since the end of World War II. This will also, as a result, give them more freedom in their dealings with the United States. One reason for their bilateral security arrangement with the U.S. will be gone- the Soviet Union and the Soviet military menace. In this chapter, Japan's struggle to formulate a policy in response to the coup will be examined. Yeltsin's attitude on the return of the Kurile Islands will also be addressed.

A. YELTSIN TAKES OVER

As Boris Yeltsin assumed power, the Japanese could take some comfort in the fact that they already were aware of his position on the islands. Contrasting with his remarks that Gorbachev had no right to negotiate with the Japanese regarding the question, Yeltsin had previously outlined a five-step program for the return of the Kurile Islands to the Japanese. In 1990, Yeltsin visited Japan and suggested the following

first, and foremost,...recognize that the problem exists and return two of the smaller islands. Second, the large islands should be demilitarized. In a third phase they should be opened to development by free enterprise. Then a peace treaty should be signed. And, in a fifth and last stage, a decade or more down the road, the two islands might be put under a joint protectorate or granted free-territorial status or disposed of in some other mutually acceptable fashion.⁹⁷

There has, to date, been no attempt to put this plan into effect by Yeltsin; however, it must be noted that his attention has been focused on trying to keep the CIS together and implementing his economic reform package. In fact, in February 1992, he told Prime Minister Miyazawa that he would be unable to visit Japan until at least September 1992 because of the press of domestic problems. This disappointed the Japanese, who had hoped for an earlier visit; yet, they also realize they can take a slow approach to the situation since

⁹⁷ Legvold, p. 140.

they feel that ultimately the outcome of the Kurile Islands question will be in their favor.⁹⁸

Just as Yeltsin has been struggling to consolidate his power, the Japanese, like the rest of the West, have been struggling to form a plan for dealing with the new governments in Russia. While Japan recognizes it will have to take a leadership role, due to its economic standing, it also believes that the timing of such assistance must be done carefully for both practical and political reasons.⁹⁹ The Japanese have also voiced the fear that Yeltsin could become an "autocratic ruler of an ultra-nationalistic Russia."¹⁰⁰

The debate in Japan over aid to Russia and the CIS is, predictably, divided into two factions. One feels that absent a strong government organization any aid would be useless since it is impossible to determine to whom the aid should be directed. Keitaro Hasegawa, an economic commentator, speaks for this faction with the observation that to extend aid at this time is risky. On the other side of the debate, Tadao Morimoto, a specialist on the Russian economy at the Toray Research Institute, feels that since Russia lacks capital that it is necessary to support the embryonic democracy in Russia.

⁹⁸ Steven R. Weisman, "Dispute Over Seized Islands is Delaying Japanese Aid to Russia," *The New York Times*, National Edition, 7 February 1992, Sec. A, p. 6, col. 3.

⁹⁹ Akihiko Tanaka, "Unwilling Donor," *Look Japan*, November 1991, p. 19.

¹⁰⁰ Ibid, p. 19.

Both of these men represent the extreme left and right in Japan. Taking a more centrist view, Toyo University professor of Russian politics, Yunosuke Okura, supports the careful dispensing of aid, and believes Japan must provide humanitarian aid, as needed. However, his reason for supporting such aid is not out of any humanitarian concern, it is, rather, to avoid criticism from its international partners.¹⁰¹

A more pragmatic Japanese view is expressed by Kenichi Ito, a professor of international politics and economics at Aoyama Gakuin. Professor Ito believes that

(t)hough Soviet need and pressure for assistance has increased, Japan must make its own priorities.¹⁰²

He also believes that Japan can and should use its leverage to ensure any aid given to Russia has a positive impact on the Kurile Islands question and that the aid be given with a clear understanding that it is tied to a resolution of the matter that is favorable to Japan. In other words, he is advocating that Japan in essence use any aid as a weapon to achieve its long-awaited goal of regaining the territories. Such a position puts Japan in conflict with Germany, the one country that has been most vocal in its calls for rapid, substantial aid to Russia.¹⁰³ Japan answers this criticism by claiming

¹⁰¹ Tanaka, p. 19.

¹⁰² Quoted in Tanaka, p. 19.

¹⁰³ Tanaka, p. 19.

that its resources are not endless and that it will not be forced into investing in what it considers ill-advised and "uneconomic projects."¹⁰⁴

B. ECONOMIC POTENTIAL OF THE RUSSIAN FAR EAST

Because of the lack of current, accurate information on the Soviet Far East and Siberian mineral wealth, one must rely on "best-guess" estimates of the true potential of these areas. It has been estimated that approximately 90 percent of all proven CIS energy reserves are located in either the Russian Far East or Siberian areas (both East Siberia and West Siberia), as well as over seventy-five percent of the timber and over two-thirds of other minerals, such as aluminum, nickel, tin, platinum, gold and diamonds.¹⁰⁵ The Russian Far East's share of energy production has been on a rapid climb since the 1950s. For example, the following is a listing of the Russian Far East's share of all Soviet energy production from 1950-1979; the increases are remarkable. The Russian Far East share of total coal production went from 26.5 percent to 36.9 percent; oil went from 2.6 percent to 48.8 percent; gas

¹⁰⁴ Weisman, 7 Feb 92, p. 6.

¹⁰⁵ These statistics are an amalgamation from several sources, as will be the rest of the statistical data cited. They are Thambipillai and Matuszewski, cited earlier; I.S. Koropekij and Gertrude E. Schroeder, ed., *Economics of Soviet Regions* (New York: Praeger, 1981), and various issues of *Resources Policy: The International Journal of Minerals Policy and Economics*. As mentioned previously, these sources are used rather than classified documents.

went from 1.6 percent to 31.4 percent; and electrical production went from 11.1 percent to 18.1 percent, while hydroelectric production went from negligible to 85.5 percent in 1975, the last year for which accurate estimates can be found.¹⁰⁶

In January 1992, Russia granted an American-Japanese consortium rights to explore for oil and natural gas off Sakhalin Island. This is not the first time this area has been targeted for exploitation; it is estimated the reserves in this area total 700 million barrels of oil and over 14 trillion cubic feet of natural gas—one of the largest known reserves of natural gas in the world¹⁰⁷ This is one example of the pragmatic attitude the Japanese and Americans now have in their dealings with Russia; while the Kuriles and their return is still a major obstacle to any large scale investment in Russia, the Japanese are not about to let access to this much energy be cornered entirely by an economic competitor. This is also an testament to the economic power that Tokyo now exercises, for as Sanger points out

the success of the venture will probably hinge on financial assistance from Tokyo. But that assistance may,

¹⁰⁶ Adapted from Leslie Dienes and Theodore Shabad, *The Soviet Energy System* (Washington, D.C.: V.H. Winston and Sons, 1979), pp. 46-47, 70-71, and 110-112.

¹⁰⁷ David E. Sanger, "U.S.-Japan Group to Explore Big Energy Field Off Siberia," *The New York Times*, National Edition, 29 January 1992, Sec. C, pp. 1 and 5, col. 1.

in turn, depend in large part on the resolution of the islands dispute.¹⁰⁸

Another area the Japanese are eyeing for its development potential is the Yakutia gas field. This area, like the Sakhalin Island oil and gas field has been the subject of exploration and development since the 1973 Oil Crisis. In a recent paper, Allen S. Whiting addressed the possibility of a joint exploration of this area. He sees Russia, China, the Koreas, and Japan as the benefactors. One of the stumbling blocks that Whiting pointed to, other than the harsh climate the field is located in, was the recent declaration of sovereignty by the Yakut-Skaha republic.¹⁰⁹ While this declaration was intended to give the area control over the export of its diamonds, it is easy to see that the issue of whom to negotiate on drilling rights has now been further complicated. Rather than wait for the political situation to settle, Whiting proposes going ahead with the project, lest the cost escalate in the interim, and that the World Bank provide expertise and funding to allow the project to go forward.¹¹⁰

¹⁰⁸ Ibid, p. 5.

¹⁰⁹ Alan S. Whiting, *Yakutia Gas for a Northeast Energy Consortium*, 1992. A paper delivered at a conference sponsored by the Institute of Global Concern (China) and the Center for International Strategy, Technology, and Policy, Georgia Institute of Technology, U.S.A. in Beijing, China, March 23-25, 1992.

¹¹⁰ Ibid, p. 9.

Another problem blocking a massive influx of aid and investment to the Russian Far East is the fact that communists still control the everyday workings in the area and have thwarted any real attempts at economic revitalization.¹¹¹ Valentin Fyodorov, the democratically elected leader in Sakhalin, has been blocked by communists who are still in his administration. One critic, Pyotr Lyakutin, feels that Fyodorov never really had a plan to develop the area and this allowed the communists to blunt any other moves Fyodorov may have attempted. An additional shortcoming by Fyodorov, as far as the Japanese are concerned, is his militant attitude on the Kuriles. Fyodorov was quoted as saying the islands "are ours and will remain ours."¹¹² This attitude seems popular among the people and is one more obstacle in the way of a resolution of the Territories problem.

Both the obstacles to economic reform in Russia and a return of the islands to Japan raise many questions. One is whether or not the calls for an independent Russian Far Eastern Republic are genuine or another attempt by the former communists both to embarrass and block Yeltsin or to keep power for themselves. Valery Butov, a Yeltsin aide, sees such calls as a result of the latter and believes the people do not much care to be independent as they wish to have jobs and

¹¹¹ Sophie Quinn-Judge, "Hobbled by old habits," *Far Eastern Economic Review*, 12 March 1992, p. 16.

¹¹² *Ibid*, p. 17.

economic independence.¹¹³ This view certainly seems to have merit. A MacNeil-Lehrer News Hour broadcast on 27 March 1992 focused on the Russian Far East. Interviews with citizens in the area mirrored a wish for economic renewal and not much of a passion for independence. In reality, the Russian Far East has seen some actions toward independence, such as in Yakutia; however, such moves seem to come only in an attempt to ensure control over the export of their mineral wealth. In the Maritime provinces and on Sakhalin, control is not really the problem; the main problem is figuring out who is going to come forth with a viable plan.

As can be seen from these few examples, the Russian Far East has many raw mineral riches that can be extracted for hard currency, a definite need if Russia is to achieve Yeltsin's economic program and if Russia is to meet the demanding conditions set by the International Monetary Fund. The \$24 billion aid program announced by President Bush in early 1992 has not been approved by the Congress at the time of this writing (June 1992), and given the calls for economic revitalization at home, may not be a top priority. Additionally, the program has only grudging support from the Japanese, who are beginning to resent both the expectation that they fund the majority of such packages and the lack of empathy on the part of Japan's Western partners for her

¹¹³ Ibid, p. 18.

single-mindedness on the Territories question. Ito spoke to this when he said in an interview

many Europeans, particularly Germans, are irritated by the slow and cautious pace at which the Japanese approach their relationship with the Soviet Union. It is based on ignorance of the fundamental facts which form the historical background of relations between the two nations. The Japanese have thought and acted differently than Europeans with regard to the Soviets not because of differences in thinking but because they were placed under different circumstances....What matters to Japan is justice and international law, upon which the new world order must be founded.¹¹⁴

C. SUMMARY

Tadao Morimoto, senior advisor to Toray Corporate Business Research, believes the Russian economy must hit bottom and then a new Marshall Plan could be instituted which would be drawn up by the major industrialized nations. He acknowledges the problems that Boris Yeltsin is having in keeping his reforms in place and having to periodically back off some of the more stringent ones, actions that upset the IMF greatly, and that this view may prevail; however, the cost of such an action is uncertain.¹¹⁵ The Japanese recognize the wealth of

¹¹⁴ Kunio Nishimura, "A Matter of Justice," *Look Japan*, February 1992, p. 4.

¹¹⁵ Tadao Morimoto, "The Price of Peace," *Look Japan*, January 1992, p. 3. Morimoto feels that until the imbalance between the money supply and available goods in the macro-economy is rectified no genuine reform in Russia can take place. He also addresses the inabilities of the U.S. or Germany to give any more money to Russia owing to their own economic problems. Thus, by default, the task falls to Japan which is willing to gamble before committing to a Marshall-type plan.

the area and are interested in gaining access to it, if for no other reasons than to have a fallback in case of more Middle East instability and to balance any actions by economic competitors in the area. While the Kurile Islands remain at the center of relations with Russia, the history of trade between the two countries, even during the Cold War, shows the Japanese to be pragmatic enough not to let that one issue stand in the way of all business transactions.

Looking at the long term is a Japanese strength; ultimately Tokyo believes the Kurile Islands will be returned. The opportunities to be in on the ground floor of developing the Russian Far East may only come around once; rather than be shut out entirely, the Japanese will likely cooperate and invest, even if only modestly. Japan's long term political and economic interests suggest that money could be found to invest in the Russian Far East. In fact, it is possible Japan sees the area as a natural component of a Japanese-led Pacific economic trading bloc.

The proximity of the Russian Far East to Japan, the developing contacts between the area and northern Japanese areas, like Hokaido, and the availability of investment dollars in Japan favor Tokyo over Moscow in developing this area. The possibility of Japanese development being favored grows if the Russian Far East does secede from Russia.

VI. RUSSO-JAPANESE-U.S. RELATIONS: IMPLICATIONS FOR THE FUTURE

A fundamental question that needs to be addressed is the effect the end of the Cold War could have on U.S.-Japanese relations. During the Cold War, the U.S.-Japanese relationship was the key bilateral tie in the Pacific. If, in the wake of the end of the Cold War, there were significant changes to this relationship, it would have a significant impact in the region, including Russia.

Concurrent with Japan's rise to economic prominence has been a decline in U.S. economic performance and the subsequent cry in the public sector for a change in relations with Japan. *The Enigma of Japanese Power* by Karel van Wolferen was a "cannon shot" work that is often cited as proof that the U.S. is being deceived by the Japanese. Congress has also picked up on the mood of some of the American populace and so-called "Japan bashing" has become common. Are such actions justified? What are the long-term costs? Should not the United States look to itself for the origination of most of its economic ills? In the post-Cold War era, America seems to be searching for a new resolve, while still seeking to hold to its leadership role. Hence, there are proclamations as the U.S. is "the sole superpower" left in the world, always said with the caveat that the word "military" is operative. This chapter provides a brief overview of U.S.-Japanese relations

since the end of the Cold War. Some of the problems associated with the strains in the relationship will be examined. An assessment is provided of what could happen if strains lead to a breakdown in the U.S.-Japanese relationship, especially if such a break brought about closer ties between Japan and Russia. Finally, possible actions the United States could take, in the wake of the changes in the world, to both improve its relations with Japan and insure its influence in the vital Pacific Rim area will be given.

A. END OF THE COLD WAR AND A NEED FOR CHANGE

A common thread through much of the writing on post-Cold War U.S. policy in Asia, the Pacific Rim, or with Japan has been "the foundations of the style and type of leadership America previously exercised no longer exist."¹¹⁶ During the course of the Cold War, a shift in economic trade occurred in the United States. American trade with the Asia-Pacific region exceeds \$300 billion dollars per year; a figure one-third greater than trade with Europe.¹¹⁷ Unfortunately, this shift in trade toward the Pacific has not led to a truly "Asian" policy formulation; rather, the U.S. has tended to try

¹¹⁶ Stephen W. Bosworth, "The United States and Asia," *Foreign Affairs*, 71, no. 1 (1991/2), p. 113.

¹¹⁷ Richard H. Solomon, "US Relations with East Asia and the Pacific: A New Era," *U.S. Department of State Dispatch*, 2, no. 21 (27 May 1991), p. 384.

and handle relations in Asia as it did in Europe, not recognizing the need to have a unique policy.

In a report to Congress, Paul Wolfowitz made a point of emphasizing the fact that Japan had agreed, ahead of schedule, to enter into a new Host Nation Support agreement with the U.S. which would result in Japan paying for 100% of utility and 100% of Japanese labor costs for the next five years for U.S. forces in Japan.¹¹⁸ While this may keep the issue of American forces in Japan on a back burner for a while, there does appear to be a question that is being avoided. It was put best by Ambassador Bosworth.

*In the short term, political and budgetary pressures will undoubtedly cause Washington to seek a larger contribution from Japan toward the costs of the U.S. military deployment there. But Japan is already paying virtually all of the local costs of those U.S. forces, and some Japanese are already asking: If Filipinos will not accept a continued American military presence when the United States is willing to pay them to do so, why should Japanese accept a continued American deployment for which Japan is expected to pay?*¹¹⁹

As the United States has lost economic standing in the world and the Pacific Rim, there has been a corresponding loss in U.S. political influence in the area. One of the major measuring sticks for this loss of economic presence is to examine American and Japanese contributions to Association of

¹¹⁸ "A Strategic Framework for the Asian Pacific Rim: Looking Toward the 21st Century, A report to Congress, 28 February 1991, (Washington, D.C.: Government Printing Office), p. 5.

¹¹⁹ Bosworth, p. 117. (*italics added*).

Southeast Asian Nations (ASEAN). In 1980, investment by the U.S. and Japan was \$5 billion and \$7 billion, respectively. By 1989, U.S. investment was \$10 billion, the same figure as in 1986; however, Japanese investment was \$23 billion.¹²⁰ The result of this increased investment by the Japanese was a call by Malaysia's Prime Minister for the creation of a "East Asian Economic Caucus" for the Asia Pacific. A "caucus" that would exclude the United States. Thus far, Japan has not actively supported any such arrangement, being unwilling to sacrifice its relationship with the U.S. However, if the current "Japan bashing" should lead to any concrete action the Japanese perceive as harmful to their economic health, it is not hard to imagine them taking the lead in using such a caucus as the basis for an Asian trading bloc centered in Tokyo.

Since the end of the Cold War, U.S.-Japanese relations have become more confrontational. The tone of the Japanese press has become more frank in critical assessment of American problems. Also, the press has become more explicit in its perceptions of Japan's future role in the political spectrum. In the introduction to an interview with Yukio Sato and Daniel Bell conducted by Akihiko Tanaka, the following appeared:

The international order that will succeed the bipolar world is only a matter of speculation at this point, but it is certain that Japan will play a major role. With the Soviet Union in shambles, the United States struggling

¹²⁰ Ibid, pp. 119-20.

*with domestic problems it cannot muster the political will to resolve, and Germany preoccupied with reunification, Japan seems ideally situated to take a leading role in the world order of the coming century.*¹²¹

The sentiment expressed in the above is indicative of a new found willingness on the part of Japan to be more openly critical of the United States. While Japan is usually still willing to follow the U.S. lead in foreign policy, there is a growing resentment over not being consulted before such policies are announced. The clamor in the U.S. over Tokyo's response to the Gulf War is an example. A more recent example was the response by Japan when President Bush announced the \$24 billion aid package for Russia. The Japanese openly expressed frustration over not being consulted before the announcement. Where previously such frustration would probably been expressed in private, the Japanese government is more willing to have its displeasure known publicly. Increasingly, Japan is asserting its new economic and, by extension, political influence on global affairs.

B. WHITHER JAPAN?

According to Yukio Sato, Japan is entering into the third phase of its post-WWII foreign policy development. He sees this phase as one in which Japan is in a position to "affect

¹²¹ "Looking Ahead," *Look Japan*, January 1992, p. 4. (Hereafter Sato-Bell). (Italics added).

any major event in the world."¹²² Additionally, he sees the areas that must be addressed in this policy as: 1) gaining the other industrialized nations in Asia as policy partners, 2) managing conflicts in Asia, 3) playing a certain political role, and 4) assuring Japan's neighbors they have nothing to fear from her.¹²³ As Professor Bell puts it,

If Japan is becoming effective *and* independent, then two questions have to be asked. One is, what power does Japan have; and second is how does one define historical interests.¹²⁴

The power Japan possesses is mostly economic; however, the JSDF and JMSDF have grown in size during the Cold War to such a degree that they constitute a credible military force, far more than just a defensive force. The historical interests are harder to assess. The U.S.-Japanese alliance was a result of the Cold War, not historical affinity. In fact, Professor Edward Olsen believes without a U.S. presence in the Pacific, it is possible Japan and the Pacific Rim would not have been important participants in the Cold War.¹²⁵ Olsen has argued that:

Were it not for the United State's presence in the Asia-Pacific region, transferring U.S.-Soviet tension to the Soviet Union's eastern flank, it is doubtful that the area would have become a substantial participant in the Cold

¹²² Sato-Bell, p. 7.

¹²³ Ibid, p. 7.

¹²⁴ Ibid, p. 7. (*italics added*).

¹²⁵ Edward A. Olsen, "A New American Strategy in Asia?," *Asian Survey*, 31, no. 12 (1991), p. 1146.

War....In Asia the United States was the central vehicle for transmitting Cold War tensions with the Soviet Union to the region through various bilateral treaties and less formal relations.¹²⁶

While this statement seems a bit too broad in its assertion, it does point out the way Cold War bipolarity drove U.S. foreign policy in the region and, as a result, the foreign policy of those countries it was allied with, especially Japan.

Another factor in assessing the direction Japanese foreign policy could take is the emergence of new Japanese leaders called by many analysts the "new internationalists." Kenneth Pyle makes it clear, however, that these new leaders are not driven by liberalism, but by "a broadened conception of Japan's own national interest....a new kind of nationalism"¹²⁷ This nationalism is divided into three parts: 1) it is good to support a liberal economic order, 2) Japanese institutions, if necessary, must be reformed to reflect these international norms, and 3) a more liberal Japanese philosophy must be developed. This new foreign policy takes into account other traditions, yet is willing provide support for a more pro-active international posture, up to and including participation in collective security

¹²⁶ Edward A. Olsen, "A New American Strategy in Asia?," *Asian Survey*, 31, no. 12 (1991), p. 1146.

¹²⁷ Pyle, p. 20.

arrangements.¹²⁸ Another analyst who endorses this view is T. Kataoka, a Senior research fellow at the Hoover Institute. In an interview with the author, Professor Kataoka expressed the belief that Japan would gradually expand the uses of the SDF and become more active in international relations and security arrangements, when it suited Japan's purposes. Ichiro Ozawa, the apparent leader of this new school of thought, feels the question facing Japan today in deciding her future role in the world is

whether to say 'Japan is special and we can only offer money' or devise more comprehensive assistance through the U.N. that does not go beyond the bounds of the constitution. I believe the former would isolate us from the international community.¹²⁹

While people like Ozawa may be the wave of the future, most analysts do not see Japan changing rapidly from the narrow policies she has followed for the past forty-plus years. Therefore, it would be instructive to watch Ozawa and his followers as they maneuver behind the scenes. It is believed Ozawa was offered the Prime Ministership during the last change; however, for now he declined the offer.¹³⁰ Perhaps he is waiting to consolidate his power so he will not run into the same hardships former Prime Minister Nakasone encountered in trying to forge a new direction in Japanese foreign policy.

¹²⁸ Ibid, p. 21.

¹²⁹ Quoted in Pyle, p. 23 from an interview in *Japan Economic Journal*, November 3, 1990.

¹³⁰ Pyle, p. 22.

Just as George Bush will probably be the last WWII-era president in the U.S., the Japanese are also nearing the end of their WWII-era politicians. Once they pass from the stage, it may be possible and easier for Japan to move into a new phase of foreign policy formulation that reflects her economic and military status. This is bound to alter Japan's relations with the U.S., as Tokyo pursues its own foreign policy initiatives.

C. THE POSSIBILITY OF CLOSER RUSSIAN-JAPANESE RELATIONS

While it would be easy to dismiss the possibility of closer Russian-Japanese relations out of hand, that would be an irresponsible move. The U.S.-Japanese relationship was based primarily on Cold War expediency. While it is also true that Japanese-Russian history is filled with conflict, there is also a history of economic trade. If strategic planning is only done for the short term, as is usually the case in the U.S., certain facts tend to be overlooked. Japanese-U.S. relations are strained at present because of trade and a growing realization in Japan that it has the capability to venture out on its own in policy arenas it once left to the United States to lead. The displeasure the Japanese expressed before, during, and after President Bush's trip to Japan, especially with the inclusion of the "Big Three" auto executives, is indicative of a Japan that is learning "to say no."

Japanese businesses are more closely associated with the political process than in our country; hence, to paraphrase an American industrialist, the belief is "what's good for Japanese business is good for Japan." There is a tendency to accept short-term losses in exchange for long-term gain in Japan. While the Japanese see the U.S. as an ally, they can also view this country as an economic competitor. An economic competitor that must be beaten. There is in both countries "an obsession with being Number One."¹³¹ This obsession could lead the Japanese to closer relations with Russia, both to have another access to raw materials and to show its independence from the U.S.'s sphere of influence. The possibility of closer relations with Russia could also come about as a result of a resolution of the Kurile Islands question, especially if such a resolution was structured in such a way as to include development agreements between Japan and Russia. Another scenario could involve just the Russian Far East, if the calls for independence are realized.

Is such an alignment possible? Is it anything for the U.S. to genuinely concern itself with in the long term? The prudent answer should be to prepare for such a development, just in case. Given the resource wealth of the Russian Far East and the technological and financial abilities of Japan, such a relationship could be beneficial for both parties. If

¹³¹ Yoichi Funabashi, "Japan and America: Global Partners," *Foreign Policy*, no. 86 (1992), p. 35.

one only concentrates on the conflict between these two countries, then it is easy to overlook the financial and business dealings that also went on between them, especially during the Cold War. There are many shortcomings in Russia that would need to be overcome, for instance, lack of a quality labor base; however, to dismiss out of hand the possibility that Japan might enter into new multi-dimensional relations with Russia is to ignore Japan's way of doing business.

Just as the Japanese realize the danger of a unilateralist U.S., the U.S. needs to realize the destabilizing influence a Japan largely independent of American influence could be in the Pacific Rim. It will not do for the United States to aver that it has an Asia policy and then attempt to transpose the European policy that has been used for decades to the Pacific. As one analyst noted

I do not think that America, as of yet, has a new orientation towards Asia; it is only repeating old cliches....Japan itself has a much greater opportunity to play a leading and independent role, as long as it does not appear threatening to the other countries with which it has been affiliated.¹³²

Unless the U.S. does come up with a uniquely Asian policy, it can only watch its influence in the region continue to ebb. If the new internationalists assume positions of leadership in Japan, there will be a far more active foreign policy. There

¹³² Sato-Bell, p. 7. This observation was made by Professor Bell.

may also be calls from those prefectures closest to the Russian Far East to make investments in the area.¹³³ This could be a problem for the U.S., if such investment led to an economic alliance in the Pacific that excluded the United States.

While the Kurile Islands are a stumbling block to closer Russo-Japanese relations at present, it does not appear that this will remain so. While it would be an overstatement to contend that the removal of this one obstacle will open the floodgates of investment in Russia by Japan, there is a historic basis for trade and diplomatic relations between the two countries. Conversely, even in the post-war era, especially recently, U.S. and Japanese relations have been uneven. The United States is looked upon as a counter to any rising Japanese hegemonic tendencies by other countries in the region; however, those same countries have no fear, and in fact desire closer economic relations with Japan. The U.S.'s ability to continue to perform its "balancing" function could be threatened by closer economic and diplomatic ties between Russia and Japan, if those ties resulted in a Japanese attempt to continue to exploit old Cold War animosities between the two countries to further Japanese economic policies.

¹³³ Yoichi Funabashi, "Japan and the New World Order," *Foreign Affairs*, 70, no. 5 (1991/2), pp. 73-74. This was part of a special issue of *Foreign Affairs* which dealt with America and the Pacific.

D. POSSIBLE COURSES FOR THE UNITED STATES

In formulating its Asian policy, the United States cannot ignore the Russian Far East and its growing calls for independence. From an economic standpoint, it is necessary for the U.S. to be just as involved as Japan and other Pacific Rim nations in the development of this area. Also, the investment can be direct. One of the faults exhibited in the pre-coup era was a blind adherence to Gorbachev, even when his viability was obviously gone. During the post-coup phase, this continued, much to the consternation of Yeltsin and his supporters. The United States needs a flexible policy with regard to Russia. One that does not undercut Yeltsin, or whoever is in power, but also one that does not limit U.S. options.

The United States also does not want to have to contend with a potentially hostile Japanese-led trading bloc in Asia. If the United States is able to assist Russia in developing the Russian Far East, she will have a partner to counter-balance the Japanese. With the end of the Cold War, it is relations such as this, unheard of previously, that should be analyzed for the long-term potential economic and political advantages they may offer. The tremendous resource wealth of the Russian Far East offers the potential of a "win-win" situation for all concerned.

E. CONCLUSION

As the twenty-first century approaches, the United States is faced with many opportunities and challenges. One outgrowth of the lessening of tensions in the world is the need to reassess our foreign relationships. Relationships that were primarily based on Cold War policy may no longer be valid. Our relation with Japan needs to be re-examined in light of these changes. Also, the United States needs to recognize the possibility of relationships being formed that were impossible during the Cold War. One is a Russian-Japanese relationship; another is a U.S.-Russian relationship in the Pacific. The economic potential of the Russian Far East is substantial. To allow the Japanese a free hand in this area would be irresponsible.

The predominance of military alliances so evident during the Cold War will decline. With this decline, a new emphasis on economics and economic relationships will assume prominence. Countries that were allies during the Cold War for military and security reasons could be viewed as economic competitors. Conversely, countries that were adversaries during the Cold War could be viewed as economic and political partners. Economic latitude given during the Cold War must be reviewed.

Possible threats to U.S. interests could come from unimaginable coalitions. The growing independent attitude in Japan does not have to become a threat to the United States,

if an attempt is made now to reassess the U.S.-Japanese relationship in a new light. Recognizing that Japan is, after the U.S., the largest maritime force in the Pacific, it is easy to see the possibility for conflict if relations between our two countries were to fall apart. A completely independent Japan in the Pacific would be perceived as a threat to its neighbors if the United States was not present to counter it. By treating Japan as an equal, the U.S. can formulate a policy that will allow both countries to expand economically and allow Japan to grow gradually into her expanding military capability. By doing so, the United States may be able to assure Japan's neighbors that they have little to fear from this new Japan and that the world has much to gain by bringing Japan completely into the family of nations.

By examining pre-Bolshevik foreign policy in Russia, an attempt has been made to discover parallels between past and future policy. Russia was a trans-continental power with interest in both Europe and the Pacific. While its role in Europe was often one of a mediator, its policy can also be characterized as one of opportunism. Establishing temporary and secret alliances was not a uniquely Russian action. In the Pacific, Russian policy mirrored the alliance structure utilized in Europe. Her concern appeared to be one of maintaining balance in the Pacific by entering into alliances with China to counter rising Japanese hegemony.

The breakup of the Soviet Union into independent republics with the absence of any credible central government presents new challenges to the United States. Yeltsin and the Russian republic have the most potential to re-assume the historic Russian role; however, the animosity built up in other republics towards Russia must be settled, as well as internal tension in Russia itself as a result of forced ties under Socialism. What seems certain is Russia still possesses the economic potential in resources that it always has; the ability of the country to exploit these resources to its benefit is the key to its future role in the world.

The countries of the West have the capital and technological expertise to assist Russia in realizing its economic potential. U.S. and Russian policy towards one another needs to be one of mutual respect, due not only to the nuclear arsenal each possesses. A resurgent Russia need not necessarily be feared by the U.S., however, the U.S. must recognize that the path our former adversary may follow will help in the formulation of a U.S. policy that is mutually beneficial. By examining pre-Bolshevik policies, the U.S. can increase its chances of understanding Russia absent the biases built up during the Cold War. Recognizing that a Russo-Japanese alliance could adversely tilt the "balance of power" in the Pacific, the United States can preclude this from happening by constructively engaging Russia now. Actions taken now to take advantage of the opportunities offered by

the end of the Cold War may stop the formation of hitherto unimaginable coalitions which could threaten the United States in the future.

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